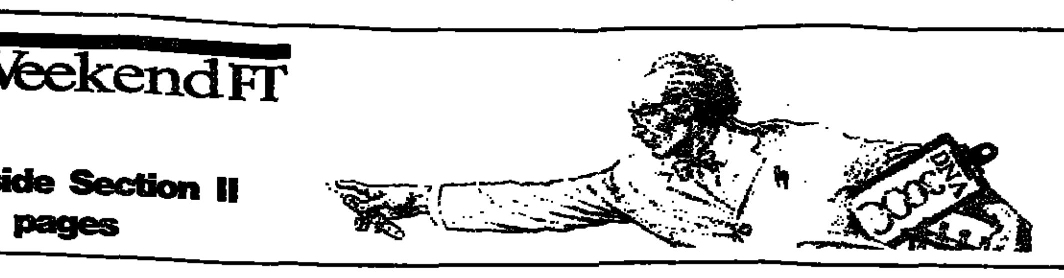

Weekend FT

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Remaking man in any image
Genetic scientists are cracking the codes of life. They will be able to prevent disease but the dangers of abuse are terrifying .... Page I

Fierce fairytale
A "powerful and rather worrying" production of Humperdinck's Königskinder .... Page XVI

Maxwell's paupers
Pensioners find the safety net is full of holes .... Page IV

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,673
Weekend February 1/February 2 1992
D 8523A

WORLD NEWS

Habash detention leads to French crisis

The hospitalisation in France of George Habash, who has been placed under arrest in his hospital room, has precipitated a political crisis likely to inflict grave political damage on the French socialist government.

The Damascus-based Popular Front for the Liberation of Palestine demanded the release of its leader. Until the early 1970s, Habash was associated with the late Dr Wadi Haddad who masterminded several spectacular terrorist coups, including plane hijackings. Page 3

Scientist speaks out
Russia's chief nuclear scientist said that 100,000 people were involved in producing atomic weapons in the former Soviet Union. He denied they could sell their skills abroad en masse, but urged for international co-operation and higher pay to keep them contented. Page 2

Serbs discuss UN plan
The Serb-dominated Yugoslav state presidency summoned Serb leaders from Croatia to Belgrade for a meeting aimed at persuading them to accept a UN plan to deploy 10,000 peacekeepers. Page 2

Nagorno-Karabakh clash
Azerbaijani and Armenian military units clashed in Nagorno-Karabakh as fighting intensified for control of the enclave claimed by both countries. Page 2

Salvador rebels return
Leaders of El Salvador's left-wing rebels prepared to fly back to San Salvador from exile after a ceremony in the capital to mark the end of the 12-year civil war which claimed 75,000 lives.

Mosques sealed off
Algerian security forces continued their crackdown on the Islamic movement by sealing off mosques in Moslem neighbourhoods around Bab el-Oued mosque after mass prayers. One man was reported to have been killed. Page 3

Violence in Cameroon
Some 15 people were killed and nearly 100 injured in ethnic fighting over elections in northern Cameroon. Fighting with poisoned arrows, shotguns and Kalashnikov assault rifles erupted during registration of voters for the first multi-party elections in 26 years.

IRA informer jailed
A former Garda policeman found guilty of passing information to the IRA was jailed for five years by Dublin's anti-terrorist Special Criminal Court.

SA sanctions urged
Nelson Mandela, president of the African National Congress, said economic sanctions against South Africa should remain in place because the country had not yet fully committed itself to the abandonment of apartheid.

Disability bill fails
A British bill to establish a commission to represent the interests of disabled people failed in parliament when the debate ran out of time. The Conservative party social security minister withheld government backing, saying he remained "benevolently neutral". Page 4

BUSINESS SUMMARY

TWA agrees Chapter 11 move with creditors

Trans World Airlines, the heavily-indebted US carrier controlled by Carl Icahn, said it had reached an agreement with its creditors which could allow it to restructure its finances under the protection of the US bankruptcy court.

The pact, which involves Mr Icahn relinquishing majority ownership of the business, prompted TWA to file a pre-planned Chapter 11 bankruptcy reorganisation. Page 12

THORN EMI, UK music and rentals group, is to quit electrical retailing, which has lost the company about £50m ($89m) over three years, and shed 800 jobs. Page 24

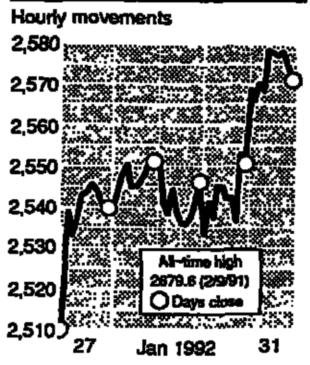
SHARP, Japanese electronics group, unveiled a 36-inch high definition television which will sell for Y1m ($7,955), about a quarter of the price of the nearest competing product. Page 24

US COMMERCE Department said its index of leading economic indicators fell 0.3 per cent last month, raising fresh doubts about the Bush administration's budget forecast of early recovery. Page 2

JAPAN saw its first net inflow of capital, some $36.6bn, since 1980 because of a sharp rise in foreign investment as foreign fund managers bought depressed Japanese stocks. Page 3

LONDON EQUITIES gained strongly, helped by leisure group Rank's decision to maintain its dividend. The FT-SE Index rose 20.4 to 2,571.2, up 60.8 up on the week and 3 per cent on the month. Page 15

FT-SE 100 Index
Hourly movements



RUSSIAN President Boris Yeltsin is to set out rules governing foreign investment in the mining sector in an effort to revive the country's flagging oil and gas industry. Page 2

SOCIETE GENERALE, leading private sector French bank, expects 1991 profits to recover to about FFr10bn ($1.81bn) after a sharp a fall in 1990 to FFr2.7bn. Page 12

GENERAL DYNAMICS, second largest US defence contractor, reported fourth-quarter net earnings of $166m, compared with a $530m net loss a year ago. Page 12

BCCI majority shareholders are poised to sign a deal under which they would contribute up to $2.2bn to creditors of the failed bank. Page 2

BRITISH COAL announced the closure of loss-making Bickershaw colliery in Lancashire with the loss of 620 jobs. Page 3

From today's issue, the FT London Share Service will carry Investment Trust share prices in two separate categories, Investment Trusts — Authorised, and Investment Trusts — Unauthorised. Page 15

German steel strike looms after 'yes' vote

By Christopher Parkes in Bonn

GERMANY braced itself yesterday for a long and disruptive steel strike after a five-day union ballot resulted in an 87 per cent majority in favour of industrial action over pay.

Despite weak public support according to opinion polls, and solid resistance from employers, the IG Metall union is expected to announce the industry's first official stoppage since 1978 after a meeting of the union leadership in Frankfurt on Tuesday.

There seemed little chance yesterday of early compromise or mediation. Announcing the ballot result, union officials said they would not talk again to the employers without a fresh offer. Mr Peter Schmithals, the employers' negotiator, said yesterday morning he had no plans to make one.

Mr Franz Steinkühler, IG Metall president, said he hoped the vote had destroyed what he described as the employers' last illusions that they could get a "cheap" result.

Negotiations started last October with a 10.5 per cent demand and broke down on January 22 with employers offering about 5.5 per cent and unions holding out for about 6.5 per cent.

The decisive vote, in which 96 per cent of the 95,000 eligible union members took part, could set the scene for a similar result from a current strike ballot among banking workers.

It reinforced the hard line adopted by IG Metall, which starts negotiations on behalf of its 3m-plus engineering industry members in March, and by 3.6m public service union workers, whose wage demands will be put formally to employers on February 7.

Steel strikes could legally start immediately after next week's Frankfurt meeting. However, Mr Harald Schartau, spokesman for the union's steel section, said yesterday it would take "some days" to organise action. The effects of stoppages are likely to be quick and wide-reaching.

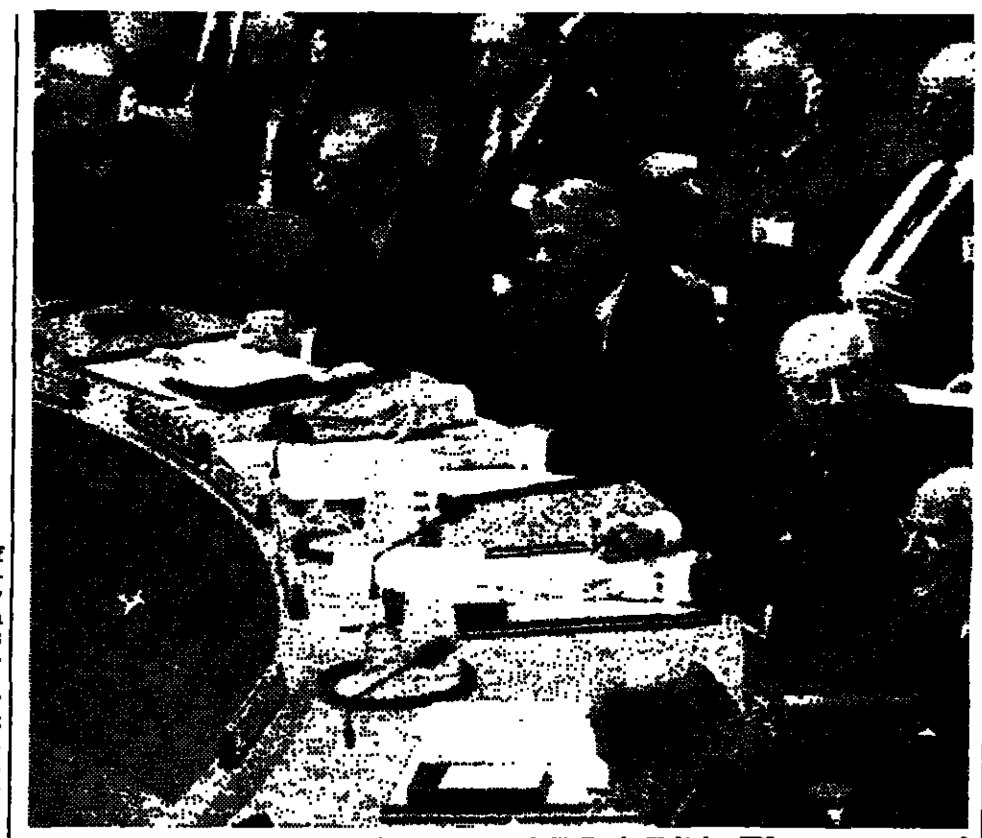
Motor manufacturers, who keep little steel in stock, would be among the first to be hit. Mercedes-Benz managers say they would feel the effects in three or four days, and most car companies have laid plans for short-time working.

Knock-on economic effects will spread quickly to the engineering sector, where many of the country's 10,000-plus companies will be affected by disruption to steel supplies and reduced orders for parts from the auto industry.

In the longer term, if employers are forced to give too much ground and pay inflationary increases, there is international concern that the Bundesbank will not feel able to reduce interest rates from their current record levels.

Mr Helmut Schlesinger, Bundesbank president, said in Stockholm yesterday that inflation, currently 4 per cent, was far above his 2 per cent target. After last year's high wage rises (averaging 6.7 per cent), the underlying rate of inflation had gone up distinctly, he said. Union claims posted so far this year on behalf of about 10m German workers call for average increases of 10 per cent.

Bundesbank chief worried by inflation ....Page 2
Frankfurt takes skirmishing in its stride ....Page 21



UN top table: flanking John Major are (from left) Boris Yeltsin, UN secretary-general Boutros Boutros-Ghali, UN undersecretary Vasiliy Sofronchuk and President Bush

Yeltsin calls for global nuclear defence system

By Lionel Barber at the United Nations

RUSSIAN President Boris Yeltsin made his debut on the international stage yesterday with a call at a special United Nations Security Council summit for a global defence system against nuclear missiles.

Urging the US and the west generally to join a democratic Russia in the quest for greater collective security, Mr Yeltsin said he was ready to offer his country's high technology to help create the new anti-missile system.

President George Bush, in reply, avoided a direct response to the Russian proposal, which is conditional on what Mr Yeltsin called "a reorientation" of the US Strategic Defence Initiative, the programme to build a space-based anti-missile shield.

Instead, Mr Bush welcomed in general terms earlier proposals by Mr Yeltsin to make deep cuts in strategic and tactical nuclear weapons. The two leaders are to hold five hours of talks today at the presidential retreat at Camp David, their first bilateral meeting since the abortive August "putsch" in Moscow.

Ronald Reagan, when US president, offered to share SDI technology with the former Soviet Union to try to overcome President Mikhail Gorbachev's opposition to deployment by the US of an anti-missile system. The Bush administration has been more cautious.

The summit meeting of Security Council member leaders, the first of its kind, was called by Mr John Major, the British prime minister, to chart a new course for the UN in the post-cold war era.

Opening the first session, Mr Major said the new partners had to take advantage of the end of superpower rivalry to reinforce collective security. "The world now has the best chance for peace, security and development since the founding of the United Nations."

Mr Major called on his fellow permanent members of the Security Council – France, China, the US and Russia, which has taken over the former Soviet seat – to join in strengthening the UN capacity for "preventive diplomacy,
Continued on Page 24

Page 3
■ Major heralds wider role for UN
■ UN declaration
■ Japanese call to Security Council

Wace chief blames IRA rumours for decision to resign

By Financial Times Reporters

MR JOHN CLEGG, the young businessman who built Wace Group into the world's largest pre-press printing specialist, resigned yesterday as chief executive, blaming rumours which continued to link the UK-based company with the Irish Republican Army.

Security sources said the alleged links between Mr Clegg and the IRA were the subject of an investigation by the Royal Ulster Constabulary last year. No evidence was uncovered of any such links, however, and no investigation into such links is pending.

The original investigation is understood to have followed a high-level meeting last June which was attended by a senior officer from the RUC's C13 anti-racketeering unit and officials from the Bank of England, the Stock Exchange and the Serious Fraud Office.

The secret meeting at the Stock Exchange was held to discuss suspicions that individuals connected with Wace had links to the IRA. A large dossier on share transactions is understood to have been presented but enthusiasm for an investigation is believed to have been muted.

The SFO declined to take on the investigation which had involved scrutiny of millions of pounds of unusual share transactions. Police in Sheffield and the RUC did pursue the matter but it was later shelved when no evidence of connections to the IRA could be found.

Mr Clegg, 33, stepped down even although Wace had denied on Monday that it was the unnamed listed UK company which The Sunday Telegraph said this week was under investigation for laundering funds for the terrorist organisation. Wace's shares fell from 168p to 104p after yesterday's announcement.

Mr Brian Dudley, Wace's managing director, said Mr Clegg had left because he was
Continued on Page 24

Deal-making extrovert, Page 10

OFT move throws ruling over pubs into confusion

By Philip Rawstorne and Robert Peston

ATTEMPTS by Britain's big brewers to reduce their estates of tied public houses to comply with government orders were thrown into confusion yesterday by the Office of Fair Trading.

The OFT said 734 pubs which the brewing group, Allied Lyons, was planning to lease to Brent Walker, the troubled leisure group, would still be counted as belonging to the tied estate.

Allied supplies beer to Brent Walker pubs under a separate contract.

Allied hoped the deal would help it meet the government requirement that it should free 2,330 pubs from ties, or exclusive beer supply contracts.

The OFT has been reviewing a complex deal between the Allied and Brent Walker.

The OFT's decision came as a shock to Brent Walker. It believed there were no obstacles to the deal after the Department of Trade and Industry said in the morning that it would not refer the transaction to the Monopolies and Mergers Commission.

Brent Walker is in the process of trying to persuade its banks to reschedule and restructure £1.5bn of debt.

A vital condition of the restructuring is the completion of the pub deal with Allied.

However, Brent Walker's chief executive, Mr Ken Scobie, said he was confident that the deal with Allied would still go ahead. "The key condition for us was that there should not be a reference to the MMC."

He said there was a fall-back clause in the agreement with Allied which would allow the deal to go ahead on different beer supply terms.

An adviser to Brent Walker said that this might involve changing the lease terms, but that it would not change the overall financial attractions for Brent Walker.

For a year, Brent Walker has been perilously poised between rescue and receivership. Yesterday its banks agreed to a further extension, until the end of February, of standstill on loan repayments.

A banker said that agreement from all 50 banks was not given until minutes before yesterday's deadline.

The OFT's view of the pubs deal – supported by Treasury counsel – was that Allied's continuing interest in the pub properties coupled with an agreement.

Under the agreement, it would supply Brent Walker pubs with an estimated 250,000 barrels of beer a year for seven years effectively "tied" the pubs to the Allied estate.

Allied said last night that it wants to proceed with the deal but would be seeking clarification of the OFT's views.

Its legal advice was that the leasing arrangement would free the 734 pubs from the tie and would not infringe the
Continued on Page 24

Lex ....Page 24

MARKETS

STERLING
New York lunchtime:
$1.7895
London:
$1.79 (1.7745)
DM2.8775 (2.8775)
FFr9.80 (9.8075)
SFr2.5575 (2.5575)
Y224.75 (223.5)
£ index 90.9 (90.8)

GOLD
New York Comex Feb
$358.9 (355.8)
London:
$354.95 (356.35)

N SEA OIL (Argus)
Brent 15-day Mar
$18.125 (18.025)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.6085
FFr5.48
SFr1.428
Y125.5
London:
DM1.608 (1.621)
FFr5.475 (5.5275)
SFr1.4285 (1.4405)
Y125.55 (126.0)
$ index 62.7 (63.0)
Tokyo close: Y125.78

US LUNCHTIME RATES
Fed Funds: 4⅜%
3-mo Treasury Bills:
3.831%
Long Bond:
102$\frac{3}{32}$
Yield: 7.778%

STOCK INDICES
FT-SE 100: Yield 4.78
2,571.2 (+20.4)
FT-A All-Share:
1,227.84 (+0.7%)
FT-SE Eurotrack 100:
1,137.97 (+6.10)
New York lunchtime:
DJ Ind. Av.
3,237.48 (−7.38)
S&P Comp
410.69 (−0.94)
Tokyo: Nikkei
22,023.05 (+465.35)

LONDON MONEY
3-month Interbank:
10$\frac{11}{16}$% (10⅝)
Liffe long gilt future:
Mar 97$\frac{15}{32}$ (Mar 97$\frac{13}{32}$)

CONTENTS

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Warns against high pay deals

Schlesinger calls for anti-inflation stance in EC

By Andrew Fisher in Frankfurt

MR HELMUT Schlesinger, the president of the Bundesbank, called yesterday for a tougher approach to inflation in all EC countries and warned that high pay deals in Germany would endanger monetary stability, growth, and jobs.

Speaking in Stockholm on the day German steelworkers voted to strike for higher pay, he said the strength of domestic demand in low-inflation countries like Germany had led to "intolerable inflationary trends".

Inflation is now 4 per cent in Germany and the Bundesbank has said it wants a return to 2 per cent, a goal which Mr Schlesinger yesterday said should be adopted by all EC countries. The IG Metall union has claimed a 10.5 per cent increase for steelworkers and set a 9.5 per cent ceiling for demands in the more important engineering pay round.

'I think it is true to say that the Bundesbank has been able to convince the markets of its determination to achieve monetary stability'

Mr Schlesinger expressed concern over the inflationary risks caused by German wage demands. "Vigilance seems to us to be imperative in this context". The central bank lifted interest rates by half a point in December as a reaction against the recent acceleration in money supply growth, inflation, and the high pay claims.

Recent statements by Mr Schlesinger have made clear the Bundesbank will not lower rates until it is certain that inflationary dangers have receded. Yesterday he said: "The Bundesbank must stick to its objective of stopping inflationary trends."

Noting that yields on long-term bonds had fallen to just under 8 per cent compared with 9 per cent in mid-1990, before German currency union was announced, he added: "I think it is true to say that the Bundesbank has been able to convince the markets of its determination to achieve monetary stability."

But he said it was important, especially after the Maastricht agreements on economic and monetary union, that EC countries made more progress in harmonising their economies to the standards of the best performers.

While the Bundesbank bore a particular responsibility for this, "the joint efforts of all the central banks of member states should, in my view, be geared to limiting price rises in the longer run to about 2 per cent per annum or less". This goal, which is stricter than the Maastricht criterion, was reached by a number of countries in the 1950s and 1980s - "it is not Utopian".

Jürgen Möllemann, right, and Karl Otto Pöhl, centre and on screen, at the World Economic Forum in Davos yesterday

Möllemann calls for G7 summit on Gatt

By Ian Rodger in Davos and Agencies

MR Jürgen Möllemann, German economics minister, called on Friday for a summit of the Group of Seven (G7) rich industrial nations if long-running talks under the General Agreement on Tariffs and Trade (Gatt) to liberalise world trade remained deadlocked.

"If necessary, we need in March or April a special summit of the G7 to overcome the standstill," he told business and political leaders attending the annual World Economic Forum in the Swiss ski resort of Davos.

In Geneva, a spokesman for Mr Arthur Dunkel, Gatt's director-general, said Mr Dunkel would welcome such a meeting to bring long-running trade talks to a speedy close.

The crucial talks have been snarled by a row between the United States and the European Community over agricultural reform. Mr Dunkel has set a mid-April deadline for a Uruguay Round agreement.

Mr Peter Lilley, the British trade secretary, said it was too early to say whether or not a summit of the G7 heads of government was needed to bring about a resolution of the deadlocked Uruguay Round trade talks.

"We need a demonstration of leadership from G7 leaders and a reduction in special interests, especially on the agricultural issue." Mr Möllemann said: "We cannot leave it to negotiators of the second rank."

Mr Möllemann was supported by Mr Bill Bradley, a New Jersey senator known for his advocacy of free trade.

● Mr Lilley sparred briefly with an official of the French motor group Peugeot over allowing Japanese cars free entry into the European market.

Mr Tristan d'Albis, an adviser to Peugeot chairman Jacques Calvet, argued that it was difficult to worship the religion of free trade in the motor industry when Japan had built up its powerful companies behind a wall of protection.

Mr Lilley replied that protectionism was not a significant factor in the success of the Japanese car makers.

Brittan critical of telephone monopolies

By Andrew Hill in Brussels

SIR LEON Brittan, the EC's competition commissioner, yesterday called for the break-up of national telephone monopolies with the aim of reducing the prices of ordinary calls in Europe to US levels.

The European Commission is due to review its telecommunications policy this year. "In my view, this will have to include giving serious consideration as to whether there is still a justification in Community terms for continuing to permit monopolies in the provision of voice telephony services," Sir Leon said, in a speech to the Spanish Employers' Confederation in Madrid.

Any move to break up monopolies in the basic call service would meet with fierce resistance from most telecoms companies and EC member states, especially if Sir Leon and Mr Filippo Maria Pandolfi, the telecoms commissioner, were to use special legal powers to force through reforms without member states' approval.

Brussels has already produced legislation to open up the market in telecoms terminal equipment and value-added services, such as electronic mail and video-shopping, but has so far left liberalisation of voice telephony up to national governments. Only Britain has made any move to increase competition in voice services.

Citing research published in the Financial Times last year, Sir Leon pointed out that a three-minute long-distance call in Europe could cost four times as much as a call over the same distance in the US.

Quayle launches federal rule freeze

By George Graham in Washington

THE BUSH administration has launched its 90-day freeze on new federal regulations by calling on business groups to denounce the rules they find particularly burdensome.

Vice-president Dan Quayle, who heads the Competitiveness Council – the administration's deregulation task force – said government agencies would use the 90-day moratorium to get rid of burdensome rules and set up "pro-growth" rules.

Federal regulations have grown rapidly under President George Bush, drawing complaints from business and from the right-wing of Mr Bush's own Republican party.

The administration is now trying to use its executive powers to roll back regulations in areas where it cannot win new legislation from the Democrat-controlled Congress.

Administration lawyers are even examining whether it would be legal to order the Internal Revenue Service (IRS) to index capital gains to inflation, thus circumventing Congress's reluctance to vote a cut in the capital gains tax [illegible].

A recent study by Mr Thomas Hopkins of Rochester Institute of Technology estimates the aggregate cost of existing federal regulations at between $430bn (£237.5bn) and $562bn in 1990. Mr Hopkins says this could rise to between $542bn and [illegible] by the end of the century.

Major regulations now under study include [illegible] emission controls [illegible] to cost business [illegible] a year while reducing sulphur dioxide emissions by [illegible] requirements for [illegible] monitoring devices on [illegible] costing an estimated [illegible] a year while cutting [illegible] tons of nitrogen oxides and [illegible] tons of carbon monoxide, and tighter standards for clinical laboratories producing more accurate medical testing at an estimated cost of [illegible].

Mr Quayle said the administration would focus on banking, biotechnology, energy and the environment, transport and property rights.

Ukraine demands admiral be fired

By Chrystia Freeland in Kiev

UKRAINIAN leaders yesterday called for the sacking of the Black Sea fleet's pro-Russian commander, Admiral Igor Kasatonov, raising the tempo of their conflict with Moscow over control of the fleet.

At a press conference yesterday, Mr Vitold Fokind, the Ukrainian prime minister, said that the conflict over the Black Sea fleet could not be resolved until the commander was replaced.

Ukrainian television and radio reported that Ukrainian President Leonid Kravchuk sent telegrams to Commonwealth military leaders demanding that Admiral Kasatonov be sacked.

Admiral Kasatonov is an ethnic Russian who took the helm of the Black Sea fleet after the attempted putsch last summer. He makes a point of taking orders only from Moscow, going so far as to refuse to meet with Ukrainian MPs this week.

The Ukrainian move could provoke an angry reaction from Moscow, whose interest in the fleet was underscored by Russian President Boris Yeltsin's unscheduled visit to Novo-Rossysk, Russia's Black Sea port, earlier this week.

The controversy over the Black Sea fleet, which flared up earlier this month when Ukraine asked seamen to swear an oath of allegiance, has being hotly debated. Both sides agree that Ukraine should take the non-strategic ships and that the strategic forces should go to the Commonwealth, but the definition of strategic is fiercely contested.

Many believe the struggle for the fleet is in fact a struggle for the coveted Crimean peninsula.

Mr Fokind also said yesterday that the Russian takeover of Vnesheconombank, the former Soviet foreign trade bank, earlier this month prompted his declaration that Ukraine will pay its 16.37 per cent share of the Soviet Union's foreign debt independently.

Mr Fokind said he believes the west is backing away from its insistence that Ukraine pay its debt "jointly and severally" with other republics. Germany has taken the hardest line but Mr Fokind said he hoped Mr Kravchuk will persuade Chancellor Helmut Kohl of the Ukrainian position when the two meet on Monday.

NEWS IN BRIEF

Air passenger traffic down 4% in 1991

RECESSION and the Gulf War made 1991 a financial disaster for airlines, the International Air Transport Association (Iata) said yesterday, writes Daniel Green. Iata confirmed predictions it made last year by saying that 1991 saw a fall in world air passenger traffic of 4 per cent.

Passenger load factor – how full the aircraft were on international scheduled services – was 65 per cent in December and 67 per cent for the whole year. In 1990 it was 68.6 per cent.

On Thursday, the Association of European Airlines said that its members had suffered a decline of 7 per cent in passenger numbers last year.

Sikhs to contest election

Sikh militants, who have been responsible for violence in Punjab for nine years, announced yesterday that they would contest elections in the state on February 19, writes K K Sharma in New Delhi.

The head of the *panthic* (religious) committee, Mr Gurcharan Singh Manochahal, who has been underground for years, telephoned reporters and said the militants would contest at least 10 of the 16 parliamentary seats and at least 70 of the more than 150 state legislature seats.

Nagorno-Karabakh fighting flares

Azerbaijani and Armenian military units clashed yesterday in Nagorno-Karabakh as fighting intensified for control of the mountainous enclave that is claimed by both countries, AP reports from Moscow. Quoting the Armenian News Service, Russian television news reported that the Azerbaijani army had launched a widescale offensive on the Armenian part of Nagorno-Karabakh.

Bechtel signs HK deal

The Hong Kong government yesterday signed a HK$195m (£14m) contract with International Bechtel, a subsidiary of Bechtel Group, for the large US construction company to advise it for another two years on the colony's new HK$98.6bn airport and related infrastructure development, writes Simon Holberton in Hong Kong.

For the past two years International Bechtel has been advising the colonial government on planning, programming and design work for the airport and nine related core projects.

Deal on BCCI claims ready to be signed

By Richard Waters

A DEAL under which the majority shareholders of Bank of Credit and Commerce International would contribute up to $2.2bn (£1.2bn) to creditors of the failed bank could be signed within a week. This follows six months of negotiation between Touche Ross, the failed bank's court-appointed administrators, and the Abu Dhabi majority shareholders.

Under the deal, all claims and counter-claims between the two sides would be dropped, according to a draft of the agreement produced recently. This would include the liquidators agreeing not to pursue $4bn of claims against Abu Dhabi relating to promissory notes given last spring.

Other main terms are:

● The remaining assets of all parts of the BCCI group would be pooled, and all creditors would receive the same payout. This would prevent protracted legal actions between liquidators of different parts of the group.

● The liquidators and majority shareholders would co-operate to pursue claims against any third parties, such as the group's auditors, and would share the proceeds of any actions.

● The deal would only come into effect if creditors owed at least $7bn between them accepted the terms.

Indicators fall prompts budget doubts

By Michael Prowse in Washington

A SHARPER than expected fall in the US index of leading indicators and lower home sales yesterday raised fresh doubts about the Bush administration's budget forecast of an early economic recovery.

The Commerce Department said its index of leading indicators fell 0.3 per cent last month. This followed a similar fall in November and three previous months of stagnation. The index is regarded as a reliable guide to future developments in the economy.

Analysts had hoped for a rise last month, partly because of a recovery in share prices. However, the index was pulled down by falling orders for plant, equipment and consumer goods, lack of monetary growth and rock-bottom consumer confidence.

Sales of new homes fell 6.6 per cent last month to an annual rate of 522,000. However, the fall was less severe than it looked because figures for November were revised up sharply. The latest estimates indicate that home sales have been flat since last August when last summer's brief economic recovery sputtered out.

Yesterday's figures follow reports this week of a 5 per cent drop in durable goods orders last month and meagre economic growth at an annual rate of only 0.3 per cent in the fourth quarter of last year.

The budget predicted a sustained economic upturn starting this spring. The latest statistics, however, are prompting growing scepticism about economic prospects.

Yeltsin likely to act to speed foreign investment

By Leyla Boulton in Moscow

PRESIDENT Boris Yeltsin is expected to issue a decree setting out rules for foreign investors to exploit Russian mineral wealth.

The decree will act as a substitute for long-awaited legislation on mineral rights and allow foreigners to operate concessions – gaining ownership of up to 50 per cent of the output of a given area.

It will seek to clear the way for rapid western investment to revive Russia's flagging oil and gas industry, circumventing a delay of months while bills make their way through parliament.

Meanwhile, Mr Viktor Danilov-Danilian, minister for ecology and natural resources, brushed aside opposition to a deal with a US-Japanese consortium for a feasibility study of oil and gas reserves off Sakhalin Island.

He said that Mr Valentin Fiodorov, the local governor, had no sound reason to criticise the deal and suggested he would be sacked if he caused trouble.

Moscow and the three western companies - McDermott International, Marathon Oil and Mitsui and Co - would decide later whether to exploit the reserves through a joint venture, production-sharing or a concession.

The minister said that the consortium may still admit two of the defeated parties in the tender – Mobil, of the US, and Japan's Sodeco.

N-scientist denies experts will be lured abroad

By Leyla Boulton in Moscow

RUSSIA'S chief nuclear bomb scientist yesterday rejected western fears that his experts could sell their skills abroad en masse but called for international co-operation and higher pay to keep them contented.

In an unprecedented interview clearly timed to coincide with Russian President Boris Yeltsin's mission to the United Nations, Professor V. Mikhailov revealed that 100,000 people produced atomic weapons in the former Soviet Union.

The head of Russia's military nuclear programme said that 10,000-15,000 had access to classified information, with 2,000-3,000 people holding vital secrets.

While it was possible "a few adventurists" could go abroad, Prof Mikhailov said that the nuclear arsenal was built by "patriots, responsible people."

He complained that their monthly salaries of around Rbs1,200 (£6 at the market rate) were "not money" but said Russia did not need western help to pay them more.

He also pointed out that legislation banning his people from leaving the country for between five to 10 years was still in force – even though the former Soviet Union's borders are no longer as tightly sealed as they were.

Regardless of financial problems, Russia would have to find the money to dismantle excess nuclear weapons "if we don't want to turn the country into one big Chernobyl."

CSCE adopts greater role in resolving conflicts

By Ariane Genillard in Prague

EUROPE'S main security forum, the 48-nation Conference on Security and Co-operation in Europe, yesterday agreed to give the organisation a more active and effective role in preventing and resolving conflicts between member states.

After two days of talks here, CSCE foreign ministers, including 10 newcomers from the independent states of the former Soviet Union, approved a document providing for the despatch of more fact-finding, monitoring and conciliation missions to flashpoint areas.

The CSCE's first action under this heading will be to send a fact-finding mission to the disputed Armenian enclave of Nagorno-Karabakh, claimed both by Azerbaijan and Armenia.

The ministers also agreed to send fact-finding and monitoring missions to newly democratised members in eastern Europe and the former Soviet Union to ensure that these states were respecting human rights commitments.

A proposal by Mr Hans-Dietrich Genscher, the German foreign minister, to create CSCE peace-keeping units was backed by Italy and Czechoslovakia. But it was opposed by the US, Britain and France, who expressed strong reservations about any move to duplicate tasks which they considered were the preserve of the United Nations.

However, the German proposal, together with another idea to create special environmental defence forces – so-called "green helmets" – will be given another airing at the CSCE's Helsinki follow-up conference in March.

One of the most significant decisions taken by the ministers was to amend the organisation's consensus rule, which has been the biggest obstacle to effective action in cases such as the Yugoslav conflict. In case of "clear, gross and uncorrected violations of CSCE commitments", a majority of member states could take "appropriate action....if necessary in the absence of the state concerned."

The ministers also agreed to bolster its Vienna-based Conflict Prevention Centre by increasing its rapporteur missions to flashpoints.

At a closing news conference, Mr Jiri Dienstbier, Czechoslovak foreign minister, said the CSCE, to be effective, must move towards legally binding mechanisms. "Interference is essential if we wish to enhance human rights."

For Mr Douglas Hogg, Britain's junior foreign minister, the ministers had achieved "some modest improvement" in the CSCE's effectiveness. But Mr Genscher painted a much brighter picture: "We will extend the CSCE process. We will give it greater possibilities."

Argentina

Cavallo demands 40% cut in bank debt

By John Barham in Buenos Aires

ARGENTINA demanded a 40 per cent reduction in its bank debt, in New York on Thursday, in its first formal encounter in New York with commercial creditors on restructuring of its $39bn (£21.5bn) foreign debt through the Brady debt reduction mechanism.

Mr Domingo Cavallo, economy minister, offered the banks a range of options to reshape the debt. He came to the talks strengthened by firm backing for his policies from the International Monetary Fund and the US government. Argentina owes banks $31bn in debt principal, plus a further $8bn in interest arrears. At present, it pays banks $60m in token interest payments.

Mr Cavallo offered the banks the following options:

● Reduce principal by 40 per cent by replacing debt with 30-year discount bonds. The principal would be guaranteed by US Treasury zero-coupon bonds. These bonds would pay interest linked to Libor plus 0.8 per cent, rising by up to half a percentage point every six months, until reaching a ceiling of 9 per cent a year.

● Cut interest in half by swapping debt for 30-year par bonds that pay half-Libor plus 0.8 per cent. Interest would be adjusted in the same way as the discount bonds and principal backed by US bonds.

● Refinance the $8bn in interest arrears with 15-year bonds with a six years' grace period, bearing 4.5 per cent annual interest. This would allow immediate redemption of one-tenth of arrears. The bonds would be partially backed by US Treasury bonds.

● Offer banks $5bn-worth of 16-year par bonds convertible into equity in privatised state companies. Interest will be equivalent to Libor. Principal to be paid after six years' grace.

● Some banks could take 25-year bonds that pay 2.5 per cent per year in fixed interest, rising with time to 5.5 per cent. Banks can restructure existing contracts rather than offering new bonds for old debt.

Mr Cavallo said his proposal would add an extra $380mn a year to the $720m interest Argentina already pays, but would be a decisive step towards normalising Argentina's economy.

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Yugoslav presidency convenes crisis meeting

By Laura Silber in Belgrade

THE Serb-dominated Yugoslav state presidency yesterday summoned Serb leaders from Croatia for a crisis meeting in Belgrade to try to persuade them to accept a United Nations plan to deploy 10,000 peacekeepers.

At the same time, Mr Borisav Jovic, Serbia's representative to the state presidency, accused Croatia of blocking the UN initiative, raising fears that the ceasefire would collapse.

In an interview on Belgrade television, Mr Jovic said despite opposition from Mr Milan Babic, leader of Krajina, a Serb-stronghold in southern Croatia, "the greatest obstacle in my opinion is still the non-acceptance of Croatia."

The closed-door session of the Serb-controlled presidency was attended by Mr Babic and Mr Goran Hadzic, a Serb leader from eastern Croatia, General Blagoje Adzic, the acting federal defence minister, Mr Slobodan Milosevic, the president of Serbia, Serb leaders from Bosnia-Hercegovina, the central republic and other top government officials.

A western diplomat said: "The meeting shows the tremendous pressure being exerted on Babic. They [Serbia's leaders] are trying to gain his approval. But Babic keeps vetoing the plan."

Mr Babic opposes the UN plan which calls for the federal army to withdraw from Serb-populated regions of Croatia after the deployment of UN peacekeepers. The army and Serb irregulars currently control one-third of Croatia.

Western diplomats confirmed that the Croatian government was raising objections to the duration of the peacekeepers' mandate, and over who should control local police forces in the republic.

Croatia will accept, if necessary, the six-month mandate being extended to one year. In addition, Croatia opposes the composition of the police forces, which would be proportionally represented.

In practice, this would give the Serbs a majority control over the police forces in heavily Serb-inhabited regions of Croatia, and fuel fears that Croatia would not regain control over these territories.

Mr Stjepan Herceg, a senior member of the republic's ruling Croatian Democratic Union, said: "If Croatia did not succeed with the help of the UN or through peaceful means, it would have to use armed force [to regain its territory]." Tanjug, the Belgrade-based news agency, reported.

Major heralds wider role for UN

By Alison Smith at the UN and Agencies

MR John Major, the British prime minister, yesterday sought to chart a new course for the United Nations with a pledge that the organisation would deal with all threats to peace and international security.

Mr Major was addressing the first summit session of the UN Security Council in New York, a meeting he himself convened principally to consider the stricken economies of the former Soviet Republics.

He told his colleagues: "We are meeting at a time of momentous change. One year ago the Security Council successfully met the challenge of Iraq's invasion of Kuwait. Now we face new challenges."

Sketching out a much heralded review of the functioning of the UN, Mr Major said: "We should reaffirm our attachment to the principle of collective security and to the resolution of disputes. We should send a clear signal that it is through the United Nations and its Security Council that we intend to deal with threats to international peace and security."

The instruments at the UN's disposal should be reviewed. They were:

● Preventive action – to avert crises by monitoring and addressing the causes of conflict.

● Peace-making – to restore peace by diplomatic means.

● Peace-keeping – to reduce tensions to consolidate and underpin efforts to restore peace.

Mr Major was also expected yesterday to announce new steps designed to strengthen British controls on biological materials in the crusade to end the proliferation of weapons of mass destruction.

Mr Major pressed the argument for early Russian membership of the International Monetary Fund, releasing both financial advice and help.

Earlier on US breakfast television he said the Russians had taken the brave step of price liberalisation and their economic reforms deserved support from the west, both in the Russian interest and those of the west itself.

The prime minister said he saw little need to alter the composition of the UN Security Council.

Major: firm attachment to collective security

UN declaration

World leaders optimistic on future

The following is an edited version of the final declaration approved by 15 world leaders at the first-ever Security Council summit yesterday:

The members of the Security Council consider that their meeting is a timely recognition of the fact that there are new, favourable international circumstances under which the Security Council has begun to fulfil more effectively its primary responsibility for the maintenance of international peace and security.

Time of change

This meeting takes place at a time of momentous change. The ending of the Cold War has raised hopes for a safer, more equitable and more humane world.

Last year, under the authority of the United Nations, the international community succeeded in enabling Kuwait to regain its sovereignty and territorial integrity, which it had lost as a result of Iraqi aggression.

The resolutions adopted by the Security Council remain essential to the restoration of peace and stability in the region and must be fully implemented. At the same time the members of the Council are concerned by the humanitarian situation of the innocent civilian population of Iraq.

Members of the Council support the Middle East peace process, facilitated by the Russian Federation and the United States, and hope it will be brought to a successful conclusion on the basis of Council Resolutions 242 (1967) and 338 (1973).

The members of the Council note that United Nations peace-keeping tasks have increased and broadened considerably in recent years. Election monitoring, human rights verification and the repatriation of refugees have in the settlement of some regional conflicts, at the request or with the agreement of the parties concerned, been integral parts of the Security Council's effort to maintain international peace and security. They welcome these developments.

'The world now has the best chance of achieving international peace and security since the foundation of the United Nations'

The members of the Council also recognise that change, however welcome, has brought new risks for stability and security.

The international community therefore faces new challenges in the search for peace. All member states expect the United Nations to play a central role at this crucial stage. The members of the Council stress the importance of strengthening and improving the United Nations to increase its effectiveness.

Commitment to collective security

The members of the Council pledge their commitment to international law and to the United Nations Charter. All disputes between states should be peacefully resolved in accordance with the provisions of the Charter.

The members of the Council reaffirm their commitment to the collective security system of the Charter to deal with threats to peace and to reverse acts of aggression.

The members of the Council express their deep concern over acts of international terrorism and emphasise the need for the international community to deal effectively with all such acts.

Peace-making and peace-keeping

To strengthen the effectiveness of these commitments... the members of the Council have decided on the following approach.

They invite the secretary-general to prepare, for circulation to the members of the United Nations by 1 July 1992, his analysis and recommendations on ways of strengthening and making more efficient within the framework and provision of the charter the capacity of the United Nations for preventive diplomacy, for peacemaking and for peace-keeping.

Secretary-general's analysis and recommendations could cover the role of the United Nations in identifying potential crises and areas of instability as well as the contribution to be made by regional organisations in accordance with Chapter VIII of the United Nations Charter in helping the work of the Council. They could also cover the need for adequate resources, both material and financial. The secretary-general might draw on lessons learned in recent United Nations peace-keeping missions to recommend ways of making more effective Secretariat planning and operations. He could also consider how greater use might be made of his good offices, and of his other functions under the United Nations Charter.

Disarmament, arms control and weapons of mass destruction

The members of the Council underline the need for all member states to fulfil their obligations in relation to arms control and disarmament; to prevent the proliferation in all its aspects of all weapons of mass destruction; to avoid excessive and destabilising accumulations and transfers of arms; and to resolve peacefully in accordance with the Charter any problems concerning these matters threatening or disrupting the maintenance of regional and global stability. They emphasise the importance of the early ratification and implementation by States concerned of all international and regional arms control arrangements, especially the START and CFE Treaties.

The proliferation of all weapons of mass destruction constitutes a threat to international peace and security. The members of the Council commit themselves to working to prevent the spread of technology related to the research for or production of such weapons and to take appropriate action to that end.

On nuclear proliferation, they note the importance of the decision of many countries to adhere to the Non-Proliferation Treaty and emphasise the integral role in the implementation of that Treaty of fully effective IAEA safeguards, as well as the importance of effective exports controls. The members of the Council will take appropriate measures in the case of any violations notified to them by the IAEA.

On chemical weapons, they support the efforts of the Geneva Conference with a view to reaching agreement on the conclusion, by the end of 1992, of a universal convention, including a verification regime, to prohibit chemical weapons.

On conventional armaments, they note the General Assembly's vote in favour of a United Nations register of arms transfers as a first step, and in this connection recognise the importance of all states providing all the information called for in the General Assembly's resolution.

Conclusion

In conclusion, the members of the Security Council affirm their determination to build on the initiative of their meeting in order to secure positive advances in promoting international peace and security. They agree that the United Nations secretary-general has a crucial role to play. They welcome the new secretary-general, His Excellency Dr Boutros Boutros-Ghali, and note with satisfaction his intention to strengthen and improve the functioning of the United Nations. They pledge their full support to him.

The members of the Council agree that the world now has the best chance of achieving international peace and security since the foundation of the United Nations.

Japan calls on UNSC to reflect new realities

By Michael Littlejohns in New York

JAPAN yesterday called for changes in the functions and composition of the UN Security Council to reflect "the realities of the new era".

However, in a speech to the Council's summit session, Mr Kiichi Miyazawa, the Japanese prime minister, stopped short of formally pressing for a permanent seat for Japan.

He said it was necessary for the UN to evolve, while adapting to a changing world, and get away from concepts that pre-dated even the Cold War and were based on the world of 1945 when the organisation was founded.

Mr Miyazawa promised he would do his utmost to ensure the constitutional change necessary to permit Japanese troops to join international peace-keeping operations.

Japan is expected to be asked to provide at least 20 per cent of an estimated $1bn budget for planned UN operations in Cambodia.

Mr Masamichi Hamabusa, the prime minister's spokesman, told reporters outside the council chamber that Japan aimed to obtain permanent membership by 1995, the UN's 50th anniversary.

It became a two-year member this year for the seventh time.

The spokesman noted that Japan's 12.5 per cent assessed share of the UN budget was more than the combined total for Britain and France, which are among the present five permanent veto-holding members.

Poor water threat to world growth

AN emerging world freshwater crisis is posing "a serious and growing threat to sustainable development", the UN Conference on Water and the Environment concluded yesterday, writes Tim Coone in Dublin.

Some 500 experts from 100 nations have been deliberating for the past week in Dublin over the growing problems affecting water resource development and management around the world.

Mr Eduoard Saouma, the director-general of the UN Food and Agricultural Organisation (FAO), made an appeal for funds and human resources "to ensure that the world does not run out of water".

He said that success hinged on funds and extensive training programmes, chiefly through the UN system, which is currently undergoing a financial crisis.

FAO studies have shown that water for agricultural production is getting scarce and water quality declining, necessitating urgent measures to conserve existing supplies.

The conference is recommending that water "should be recognised as an economic good" and that governments should pursue rational pricing policies, to encourage its conservation and efficient use.

Japan sees first net inflow of capital since 1980

By Stefan Wagstyl in Tokyo

THE net outflow of capital from Japan, which flooded world financial markets in the 1980s, last year turned into a net inflow for the first time since 1980.

The current account surplus was also heavily in credit, according to combined figures published yesterday by the Ministry of Finance.

Taken together the two surpluses could put upward pressure on the yen on foreign currency markets. Mr Robert Feldman, an economist at the Tokyo office of Salomon Brothers, the US investment bank, forecast the yen would move towards Y110 against the US dollar against Y125 yesterday.

According to the ministry's report, a net $36.6bn (£20bn) in long-term capital flowed into Japan in 1991, compared with a net outflow of $43.6bn in 1990 and $136bn in 1987, the peak year.

Foreign investment by Japanese rose slightly form $120.8bn to $121.9bn, as Japanese portfolio fund managers, wary of the weakness in Tokyo's financial markets, bought foreign bonds. Direct investment overseas fell sharply from $48.0bn to $31.2bn, as industrial companies cut their expansion plans.

Meanwhile, foreign investment in Japan soared to a record $158.5bn, more than double the previous year's $77.2bn, because foreign fund managers judged it was time to hunt bargains in the depressed Japanese stock and bond markets.

The ministry also announced that Japan's current account surplus, bugbear of its international relations, doubled last year to $72.6bn, due to a sharp increase in the trade surplus.

According to the Ministry of Finance, Japan's exports rose 9.4 per cent last year to $306.6bn and imports fell 6.2 per cent to $203.3bn.

● Housing starts for December, announced by the construction ministry, fell 19.7 per cent from a year ago, declining for the 14th consecutive month and reflecting sluggish demand, writes Emiko Terazono.

These figures released yesterday indicated a further deceleration in economic growth and an easing in inflationary pressures.

Overall housing starts for 1991 totalled 1,370,126 units, down 19.7 per cent year-on-year. The figure was the lowest since 1986, when 1,365,000 units were started.

Algerian mosques sealed off

SECURITY forces sealed off mosques in Moslem fundamentalist neighbourhoods around Bab el-Oued mosque after mass prayers yesterday, which is the chief weekly prayer day, continuing a crackdown on the Islamic movement that three weeks ago was on the brink of winning power, agencies report from Algiers.

Ambulance sirens could be heard in the streets of the neighbourhood, which is a bastion of support for the Islamic Salvation Front (FIS). The Front has been defying a crackdown on its demands for an Islamic state.

There were unconfirmed reports that police fired warning shots to disperse a crowd trying to reach a mosque at the University of Algiers.

Police also reported that a home-made bomb was thrown into the garden of the US Embassy on Thursday, causing minor damage but no injuries. There was no indication who staged the attack.

Habash detention causes political crisis

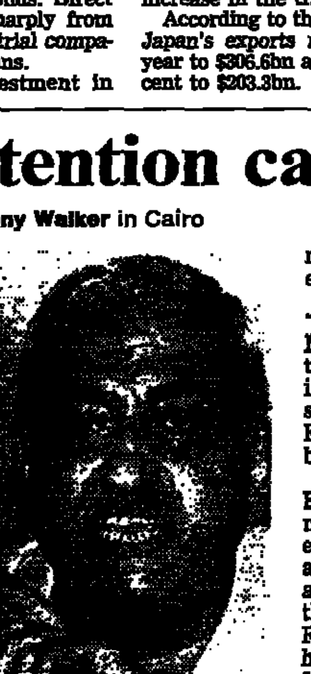
By Ian Davidson in Paris and Tony Walker in Cairo

THE hospitalisation in Paris of Mr George Habash, historic leader of the Popular Front for the Liberation of Palestine (PFLP), has precipitated a political crisis almost bound to inflict grave domestic political damage on France's socialist government.

In addition, it is already creating serious diplomatic embarrassment for France, between the indignant protests from Israel and the Jewish community in France, that Mr Habash should ever have been admitted, and the swelling chorus of Arab demands that Mr Habash should be freely allowed to leave.

The Damascus-based PFLP yesterday angrily demanded the release from captivity of its ailing leader.

On Thursday night, immediately on his return from a official visit to Oman, President Mitterrand moved rapidly to pre-empt the emerging wave of protests, by securing the resignation of a close adviser and three very senior officials in the foreign and interior ministries, who were implicitly held responsible for admitting Mr Habash without political authority.



Habash: held in custody in French hospital

In addition, Mr Habash was placed under arrest in his hospital room at the request of the French counter-intelligence service. He was expected to be interviewed by Judge Jean-Louis Bruguière, France's leading anti-terrorist investigating magistrate, once his medical examination was completed.

Accusing French police of "storming" the hospital where Dr Habash was undergoing treatment, the PFLP said the issue had "dangerous dimensions" and it would hold the French government responsible for his wellbeing.

According to Mr Jean-Louis Bianco, social affairs minister, no-one at a senior level of government was informed of the arrival of Mr Habash until his aircraft was about to land. But the curious fact is that the French Red Cross claims to have requested authorisation for the admission of Mr Habash on Monday, before Mr Roland Dumas, the foreign minister departed with President Mitterrand for Oman.

But the conservative opposition parties have refused to be satisfied by the resignations of these officials, whom they describe as scapegoats, and have demanded instead the resignations of Mr Roland Dumas, foreign minister, and Mr Philippe Marchand, interior minister.

Dr Habash, the 64-year-old PFLP veteran is a member of the PLO's leadership, and is highly respected throughout the organisation. A founder of the Arab nationalist movement, Dr Habash has assumed the role of leader of the "loyal opposition" to Mr Yassir Arafat within the PLO.

Until the early 1970's, Dr Habash was closely associated with the late Dr Wadi Haddad, who was the mastermind of a series of spectacular terrorist coups, including plane hijackings. Dr Habash broke with Dr Haddad over the continuation of indiscriminate terrorism against western targets after a rash of hijackings to Jordan in September 1970 helped fuel the civil war.

The war, in which thousands of Palestinians died at the hands of King Hussein's bedu warriors, is known in Palestinian folklore as "Black September". This was the name given to a Palestinian terrorist collective responsible for the seizure of Israeli athletes at the Munich Olympics in 1972 and the deaths of nine of them in a bloody shootout with German police.

Rise of 9.3% coincides with Major's career

Record level of government spending shown

By Peter Norman, Economics Correspondent

THE RAPID rise of Mr John Major to prime minister has coincided with a sharp jump to record levels in government spending on services, Treasury figures published yesterday show.

According to the statistical supplement to November's Autumn Statement, combined spending by central and local government on health, education and science, social security and transport is running at record levels, adjusted for inflation, in this financial year.

The figures – presented as "general government spending by function" for the first time – also show that real spending on law and order, environmental services and arts and libraries will reach new highs in 1991-92.

Overall spending on services by central and local government last fell in real terms in 1988-89, when it declined by 2.3 per cent compared with 1987-88.

At that time Mr Major was chief secretary to the Treasury in charge of public spending. His subsequent career – with a short spell as foreign secretary, followed by his time as chancellor and prime minister – has been accompanied by a 9.3 per cent inflation-adjusted jump in spending on services by central and local government to an estimated £218.6bn in this financial year.

The statistical supplement confirms that spending on social security will jump sharply this year to £69.3bn in nominal terms, from £58.8bn in 1990-91. That is largely because the recession has pushed up unemployment and income-support payments.

By combining the data for spending by central government and local authorities, the supplement gives the first clear picture of overall spending on education and science. That will total £31bn in 1991-92 – nearly as much as the £31.4bn allocated for health.

The Treasury's figures show that residents of Northern Ireland, Scotland and Wales receive more in public spending than those in England. General government expenditure per head in Northern Ireland was £3,842 in 1990-91, against £2,964 in Wales, £2,586 in England and the UK average of £2,694.

In Scotland, where a recent opinion poll showed 50 per cent of voters favouring independence, government expenditure was £3,196 a head. Scotland accounted for 11 per cent of government spending while its share of gross domestic product was 8.2 per cent.

The report also illustrates how government spending priorities have changed since Mrs Margaret Thatcher's first government took office in 1979.

The £5.59bn spent on housing this year will be 55 per cent less in real terms than in 1979-80. Perhaps more surprising, the £2.8bn allocated for employment and training this year will be 42 per cent less in real terms than in 1986-87, when expenditure on such items peaked.

The government has made only very small revisions to the public spending totals fixed in the Autumn Statement. This year's general government expenditure (GGE) total is now estimated at £236.4bn, up £300m on November's figure, while £100m has been added to GGE estimates for each of the following three financial years.

Public Expenditure Analyses to 1994-95. HMSO. £17.20.

Tees & Hartlepool port chief leaves job

By Richard Tomkins, Transport Correspondent

MR JOHN HACKNEY, chief executive of Tees & Hartlepool port, yesterday cleared his desk after accepting defeat in the acrimonious battle over the port's privatisation.

In a letter to the authority's workforce, Mr Hackney said he and the rest of the management-employee buy-out team had abandoned its plan to seek a judicial review of the government's decision to sell the port to a consortium called Teesside Holdings.

"Having analysed the situation carefully, my colleagues and I, together with our financial backers, have concluded that a challenge is no longer a practical proposition," he said.

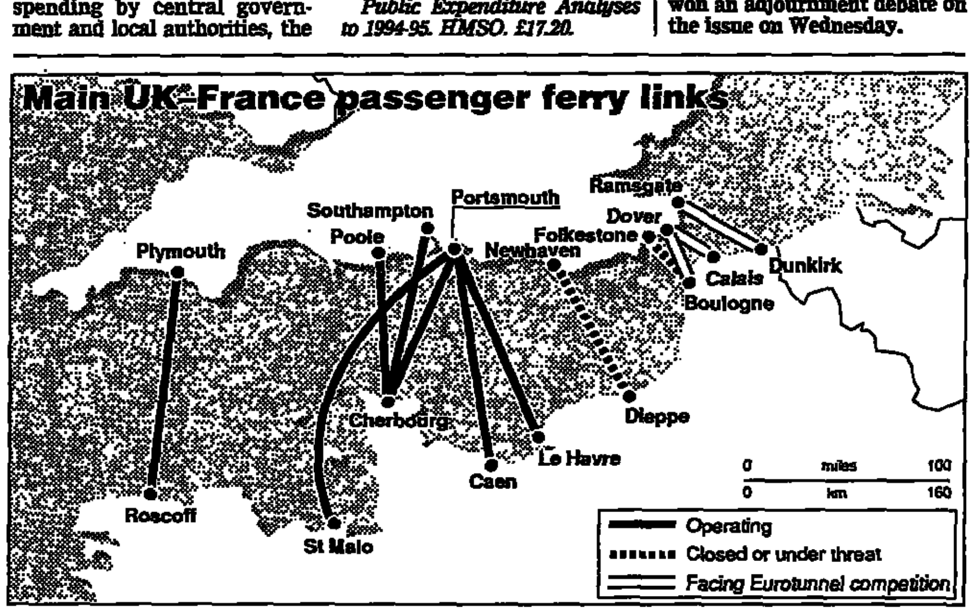
Mr Hackney's departure – along with that of Mr Charles Wellington, company secretary – came as Teesside Holdings formally completed the purchase of the port and sent in its own chief executive, Mr John Holloway. The company refused to discuss on what terms Mr Hackney had left.

Teesside Holdings is a three-way venture between Powell Duffryn, the quoted industrial group; Humberside Holdings, an unquoted associate of Powell Duffryn; and 3i, the venture capital group.

The selection of the consortium brought strong protests because it was neither the highest bidder nor the one offering the greatest degree of employee participation.

Maritime Transport Services, the Thamesport container terminal operator that bid £202m for Tees & Hartlepool, said the outcome had led it to question its involvement in bidding for any of the other 14 trust ports due for privatisation.

Mr Stuart Bell, Labour MP for Middlesbrough and an outspoken critic of the result, has won an adjournment debate on the issue on Wednesday.



Passengers wave goodbye to many ferry destinations

Richard Tomkins looks at services facing closure because of the Channel tunnel

PITY THE people down the road who did the trendy thing and bought a weekend retreat in Normandy. By now, they must be wondering how they are ever going to reach it.

It was bad enough when, at the end of last month, Sealink Stena Line axed the ferry service that had linked Folkestone with Boulogne for 148 years.

Then in the course of the last fortnight, two further blows have rained down on cross-Channel ferry users. Société Nouvelle d'Armement Transmanche (Snat), Sealink's French partner, has said it plans to axe all services between Newhaven and Dieppe, and P&O has asked the Office of Fair Trading to permit a rationalisation of services on the remaining short-sea routes.

One implication of the P&O announcement is that there might be a limited future for its Dover-Boulogne route. The big ferry operators also doubt the long-term viability of Sally Line's operations between Ramsgate and Dunkirk.

Ferry users are therefore confronted with the possibility of a sharp diminution in the range of French destinations. Unless someone comes forward to save the Newhaven-Dieppe route, the only surviving car ferry route east of Portsmouth-Le Havre may eventually be Dover-Calais.

There is a simple three-word explanation for this gloomy prognosis: the Channel tunnel. It had always been likely that the tunnel would have a drastic effect on cross-Channel ferries. Now, with less than a year and a half to the tunnel's planned opening, the effects have suddenly begun to show.

The greatest threat is to the services closest to the tunnel's Folkestone-Calais alignment. Eurotunnel, the tunnel operator, reckons it will take 90 per cent of the foot passengers, 70 per cent of the cars and 40 per cent of the lorries from the ferries' nearby routes.

The ferry operators disagree. Even by their estimates, though, they stand to lose 80 per cent of foot passengers, 50 per cent of cars and 25 per cent of lorries. Rationalisation is clearly inevitable.

The big operators, Sealink and P&O, believe their best hope of surviving is to concentrate resources on the shortest and busiest sea route – Dover-Calais. That way they should be able to retain enough traffic to fill about half a dozen jumbo ferries going to and fro. That will give them a cost base low enough to match the tunnel on price.

To do so, they also need to merge their operations. If the Office of Fair Trading agrees – and it probably will – the result will be a single ferry service operating at, say, 30-minute intervals between Dover and Calais, with motorists simply turning up and boarding the next vessel in much the same way as they will with the Channel tunnel rail shuttles.

The Folkestone-Boulogne route has already closed in anticipation of that process. So too, with less fuss, has P&O's Dover-Zeebrugge service.

Newhaven-Dieppe is now under threat, and Dover-Boulogne may follow. Although Sally Line believes it has a niche market for people preferring a relaxed 2½-hour crossing over the rushed 1½-hour Dover-Calais one, a question mark inevitably hangs over the future of Ramsgate-Dunkirk.

One wild card in the pack is Hoverspeed, with its fleet of hovercraft and SeaCat catamarans. It has announced plans to resume a Folkestone-Boulogne service in April alongside its existing Dover-Calais and Dover-Boulogne operations.

Doubts remain over whether those, either, will long survive the tunnel. The ageing hovercraft are expensive to run and the new SeaCats have shown themselves to be embarrassingly susceptible to poor weather. With neither the speed of the tunnel nor the comfort and amenities of the ferries, they look in danger of being squeezed between the two.

On a more positive note, the longer crossings on the western Channel routes from Plymouth, Poole, Southampton and Portsmouth look relatively secure. Far enough away from the tunnel to escape the worst of the competition, they are benefiting from the growth in popularity of independent motoring holidays.

Then there is the tunnel itself. Even if travellers do not take advantage of the speedier and less weather-prone method of crossing the Channel, will they not be able to look forward to the effect of competition on price?

Probably not. So great are Eurotunnel's debts that it cannot afford to embark on a price war; and in the event that it did, it is unlikely that the Monopolies and Mergers Commission would stand by and see the tunnel's only competitor put out of business. Conversely, the ferries dare not drive the tunnel into bankruptcy for fear that someone would pick it up debt-free from the receivers.

Ominously, the ferry companies are saying they will charge the same as Eurotunnel, while Eurotunnel says it will charge the same as the ferries. As the ferries are unlikely to charge less than they do already, a crossing of the Channel – whether under or over – seems destined to remain one of the world's more costly adventures.

North-west pit closure will cost 620 jobs

By Deborah Hargreaves and Ivo Dawnay

BRITISH Coal announced the loss of 620 jobs yesterday with the closure of its 115-year old Bickershaw colliery in Lancashire, which has been losing money for the past six years.

The announcement came as Mr Neil Kinnock, the Labour leader, and Mr Michael Howard, the employment secretary, both used speeches in Manchester to give radically different perspectives on the outlook for the economy and jobs.

Speaking to prospective Labour candidates, Mr Kinnock claimed that employment in the north-west region had fallen by 300,000 since 1979 – the worst drop for any region in Britain.

His attack was backed by Mr Gordon Brown, the shadow trade secretary, and Mr Henry Macleish, the shadow employment minister, who said 2.4m manufacturing jobs had been lost since June 1979.

Mr Howard, at a business lunch at Manchester airport, warned that Labour's minimum wage policy, payroll tax and backing for the European Community's Social Action programme would cost 240,000 jobs in the north-west region alone.

"The north-west will say no to Labour's jobs destruction package," he claimed.

Meanwhile at British Coal, Mr Terry Wheatley, group director, said: "In view of the continuing failure to achieve production targets, potential geological problems affecting one of the coal faces and limited reserves remaining in seams of proven saleable quality, I see no viable future for the complex."

The move follows the loss of more than 1,000 jobs in the Yorkshire area last week, with four pit closures, and the announcement of 200 redundancies at the Trentham colliery in Staffordshire on Thursday.

British Coal said its Hatfield colliery in Doncaster, which employs 437 men and has been under review since October, would stay open after it increased output.

Critics say the spate of redundancies at British Coal is being announced ahead of a March deadline for employees opting for voluntary redundancy to receive a top-up payment of £10,000.

Mr Frank Dobson, shadow energy secretary, said: "When this top-up payment was announced, we said it would lead to 10 pit closures and we've had four up to now."

The Bickershaw colliery has lost £35m in the past six years, including £11m since April. Mr Wheatley said the pit needed to produce 12,000 to 15,000 tonnes of coal a week if it was to meet targets, but had not reached them. He said there would be no compulsory redundancies.

The Hatfield colliery was reprieved after it reduced losses of £8m to less than £5m.

● Granada Television is to cut as many as 100 jobs because of rising costs. Between 50 and 60 redundancies are expected, with temporary contracts not being renewed. The company successfully bid £9m a year for its north-west of England franchise, but also has to pay 11 per cent of its net advertising revenue to the Treasury.

Gould attacks poll-tax policy

By Ivo Dawnay, Political Correspondent

THE GOVERNMENT is intentionally jeopardising the ability of local authorities to collect unpaid poll tax for short-term political advantage, Mr Bryan Gould, Labour's environment spokesman, said yesterday.

In a fierce attack on Mr Michael Heseltine, the environment secretary, he said the government's refusal to negotiate swift legislation to close the legal loophole over computer-based evidence on those who had not paid poll tax was a "dereliction of duty".

Labour has offered to help through a short bill to remedy the legal difficulty. Yesterday Mr Gould received a letter from Mr Heseltine rejecting the offer and saying the matter would be resolved in a new clause in the council tax bill.

Mr Gould said Mr Heseltine, the "most ruthless and unprincipled" politician, had made his decision in order to blame Labour for surcharges that were certain to be added to poll tax bills for the additional costs incurred by non-payment or delayed payments.

He said figures released recently by the Chartered Institute for Public Finance and Accountancy confirmed Labour's claims that final poll tax bills for 1992-93 would near £300 and not the £257 originally claimed by the government.

He added that the institute had confirmed that there was no truth in Tory claims that Labour authorities would have higher surcharges than Tory councils.

● Mr Michael Portillo, the local government minister, yesterday charged that Labour's plans to free councils from poll tax capping would provoke huge rises in charges, with Sheffield planning a 40 per cent increase.

Appeal on County Hall plan rejected

AN APPEAL against the government's decision to approve the conversion of London's County Hall into a hotel, residential and conference complex was rejected in the High Court yesterday, John Willman writes.

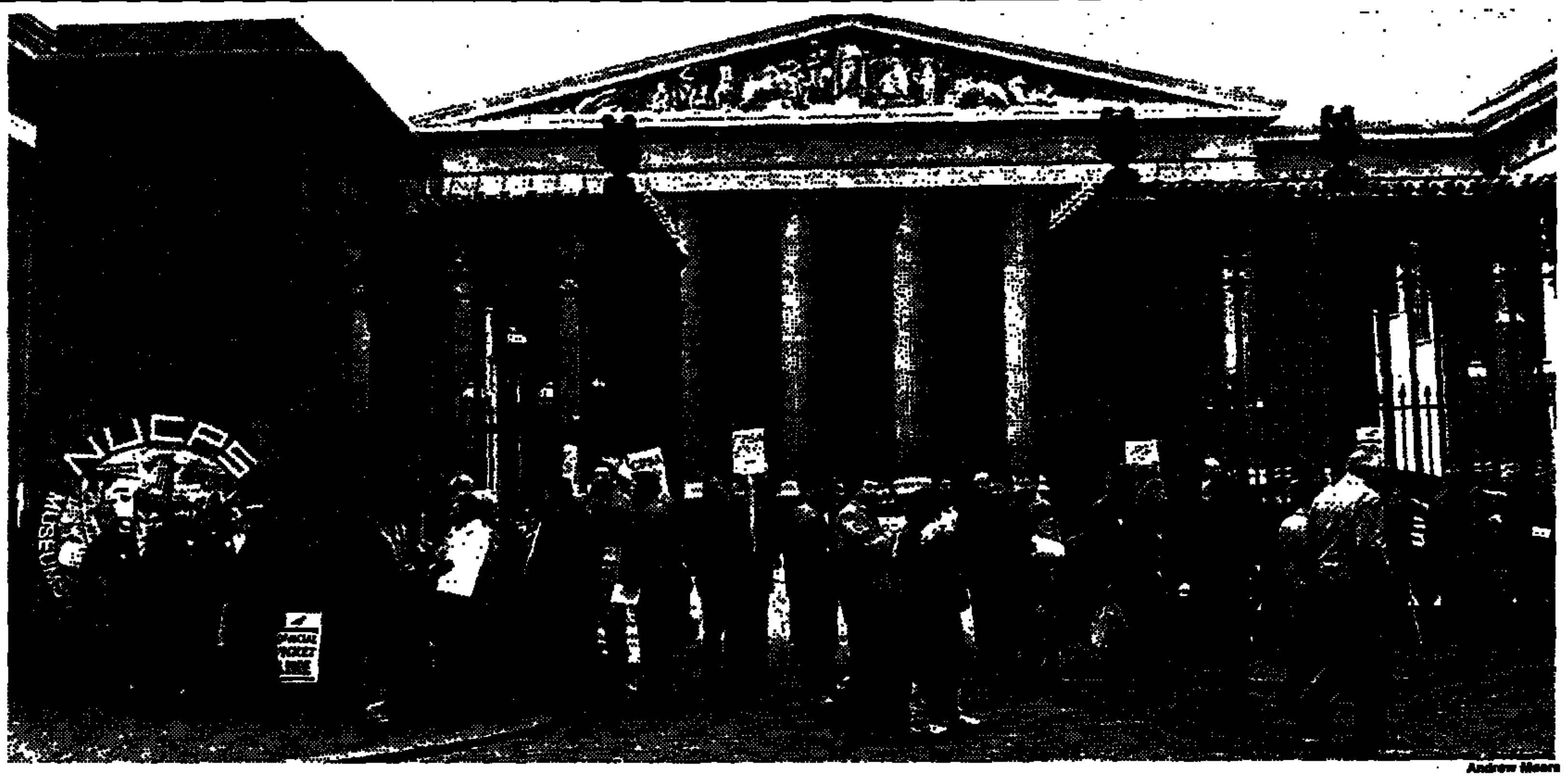
The appeal was lodged by Lambeth Borough Council in an attempt to oppose the change of use of County Hall, which formerly housed the Greater London Council, now abolished.

Lambeth argued that Mr Michael Heseltine, the environment secretary, was under a duty to preserve the Grade II listed building in its historic local-government role.

Mr Justice Pill said there was nothing unreasonable about the stance taken by Mr Heseltine and he ordered Lambeth to pay the costs of the secretary of state, the London Residuary Body which proposed the development and the County Hall Development Group, the Anglo-Japanese consortium which is in liquidation.

The next step in the battle remained unclear last night. A planning application to move the London School of Economics into County Hall is due to be heard on February 19.

The council has 21 days to appeal against the High Court decision. An appeal would almost certainly postpone a final decision until after the general election. If Labour wins the election it may make County Hall the headquarters of its planned Greater London Authority.



Andrew Moore

Solidarity exhibited: strikers picketed the British Museum yesterday as civil servants in London stopped work for a day, Michael Smith writes. The museum and the Tate Gallery were closed to the public, and a picket was mounted outside Downing Street.

The two largest Civil Service unions claimed that at least half of their members in the capital staged a one-day strike in a dispute over London weighting allowances. Government departments dismissed the claim, saying most offices were open, although some provided restricted services. The Department of Employment said less than a quarter of its 7,200 London staff obeyed the strike call by the NUCPS and CPSA unions. Sixteen out of 167 of its offices were closed to the public. The closures included two Jobcentres.

Customs and Excise said 1,357 of its London staff, representing 18 per cent of the full complement, went on strike. It had to put an "honesty box" for incoming passengers at Heathrow airport's terminal 4, but most passengers elsewhere were subjected to normal checks.

The unions said they would seek a meeting with Mr Norman Lamont, the chancellor, to begin "serious negotiations" on the Treasury's refusal to raise weighting allowances. The allowances, last raised four years ago, are £1,750 for working in central London, £1,000 for five miles to 10 miles from the centre and £725 for 10 miles to 18 miles out.

They are lower than for most other workers, but the Treasury says it has improved basic pay substantially for many staff and has introduced local pay additions for jobs with recruitment and retention difficulties.

Opposition anger as bill for disabled fails

By David Owen

A BILL to establish a powerful disablement commission failed in the Commons yesterday, in spite of support from MPs of all parties.

The Civil Rights (Disabled Persons) Bill, piloted by Mr Alf Morris, MP for Wythenshawe and a former Labour minister for the disabled, failed to win a second reading when the debate ran out of time after an hour and 55 minutes when the House finished for business.

A closure vote, necessary to move the bill on, was turned as the debate had lasted less than two hours. A vote on whether to give the bill a second reading could not be taken automatically since an MP – Mr Robert Hayward, Tory member for Kingswood – was still speaking.

Furious Opposition MPs rounded on Mr Hayward, charging him with dishonourable conduct. He had said he would not talk the bill out.

The bill's effective death knell had been sounded earlier when Mr Nicholas Scott, social security minister, withheld government backing, saying he remained "benevolently neutral".

Mr Paul Boateng, Labour MP for Brent South, said the government's neutrality amounted to "the kiss of death".

Mr Dafydd Wigley, Plaid Cymru MP for Caernarfon, said the Tories would go into the election as the party that wanted to "perpetuate discrimination against the disabled".

● A bill permitting nurses, midwives and health visitors to prescribe certain drugs without doctors' approval yesterday won a second reading with all-party support.

Garden festival may raise £50m

MORE THAN £50m of investment in private housing, offices and small industrial plants is expected to be created on the Ebbw Vale Garden Festival site after the event closes in October.

The Prince of Wales, who is to open the festival on May 5, will be associated with the development through the creation of an urban village.

Mr David Hunt, Welsh secretary, said yesterday that the project should create 1,100 jobs in the south Wales valley, an unemployment blackspot since steelmaking ended in the 1980s.

Ebbw Vale will be the last festival, following those held at Liverpool's docklands, Stoke-on-Trent, Glasgow and Gateshead.

Croydon goes from boom to blackspot

By Bethan Hutton

CROYDON, the south London area that reaped the rewards of the 1980s boom years, has become the national blackspot for house repossessions, according to statistics issued by the Lord Chancellor's Department this week.

Croydon County Court issued 2,306 repossession orders last year, the highest figure in England and a rise of more than 1,000 on 1990.

Direct comparisons with other areas are distorted because Croydon County Court has a larger area under its jurisdiction than many county courts, extending beyond the borough boundaries.

Housing professionals in the area, however, acknowledge that Croydon has a particular difficulty.

In the mid 1980s it was a magnet for businesses relocating outside central London and for first-time home buyers seeking affordable homes within commuting distance of the City. In 1988 a local chamber of commerce survey discovered that businesses in Croydon needed 35,000 people to fill planned or actual job vacancies.

Now the borough has an unemployment rate of 8 per cent. Last year the borough council registered 1,400 homeless families as in priority need of local-authority housing. Of those families, 610 were made homeless through repossession, compared with 80 in 1988.

Theories about why Croydon has been worse affected than the rest of the south-east point to three main factors: comparatively low property prices; local employment biased towards the depressed financial and retail sector; and many small businesses set up with loans secured on property.

Mr Dave Brown, Croydon council's assistant director of housing, said: "I suspect it is to do with the fact that house prices are relatively low and therefore it was an area where people who were able to get into owner-occupation bought." When mortgage payments became too much, first-time buyers were unable to sell and trade down because they had already bought the cheapest available property, he said.

Mr Peter Broderick, chief executive of Croydon chamber of commerce and industry, said jobs there were predominantly in retailing, manufacturing and financial and property-related services, which had suffered badly in the recession.

MORTGAGE applications to Halifax Building Society jumped 50 per cent in the seven days after its mortgage-rate reduction last week, the society said yesterday. Halifax said the increased buyer activity had been sustained this week, but added: "We are cautious because this is a very short run for us to be able to predict that the housing market is on the turn."

Barclays, the largest UK bank, yesterday cut its mortgage interest rate by 0.56 percentage points to 10.99 per cent (11.6 APR) with immediate effect for new applicants. Existing customers will have their rates reviewed after the Budget on March 10.

The cut brings Barclays level with the large building societies, and other banks such as Abbey National, National Westminster and TSB which have already reduced their mortgage rates. Barclays is also offering mortgages at 10.6 per cent, fixed for either three years or five years.

The cut in mortgage rates is seen as the final factor – combined with discounts for first-time buyers, falling house prices and the ending of stamp duty on house purchases under £250,000 until August – which may have stimulated the market.

Mortgage applications are running at January 1990 levels, higher than the brief upturn seen last January.

Prestwick airport sale nears agreement

By James Buxton, Scottish Correspondent

BAA, THE former British Airports Authority, is close to reaching an agreement with British Aerospace on the sale of Prestwick airport in western Scotland.

A purchase by BAe would secure for the aerospace company the future of the runway, which it needs for aircraft-manufacturing operations at the airport.

The Ayrshire Community Airport Project (Acap), a consortium representing Ayrshire businesses and local authorities, is also involved in the negotiations. It is understood that BAe would hand over the running of the airport to Acap, which is chaired by Mr George Younger, Tory MP for Ayr.

A third bidder for the airport, AAP, appears to be out of the running. Earlier this month AAP, headed by Mr Peter Kaye, a businessman with aviation interests based in Scotland, made a cash offer of £4.75m for the airport.

Prestwick has suffered a sharp fall in traffic since March 1990 when the government ended its monopoly on long-haul flights from Scotland and airlines switched operations to Glasgow. The airport made an operating loss of £4.8m in the year to March 1991 and BAA last year said it was willing to dispose of Prestwick.

● An article in the FT of January 15 entitled "BAA is urged to accept bid for Prestwick" ended with the words: "BAA said it had received the AAP bid, adding that they had failed to reach agreement last August because AAP could not meet guarantees."

Both BAA and AAP wish to make clear that this statement is incorrect and at no time has AAP failed to meet a guarantee in connection with the Prestwick negotiations. BAA had no intention to impugn the financial standing of AAP or its directors, Mr Peter M. Kaye and Dr Gordon Watson.

Car trade warned of risk posed by thefts

By John Griffiths

STOLEN cars are being offered for sale to the motor trade in such volumes as to present a risk to the viability of dealers who buy them inadvertently, according to HPI, the credit information agency.

In the final quarter of last year 6,900 such cars were offered to traders, more than three times the level of a year previously, HPI's statistics show.

The agency believes those figures considerably understate the extent of the activity because its statistics include only those cars offered to traders. They take no account of individuals who may have bought such cars privately.

HPI describes the volume of car thefts as having reached "epidemic" proportions.

In last year's final quarter, one out of every 103 dealer inquiries about cars offered for sale resulted in the car being established as stolen. A "security alert", indicating that a car was probably being offered for sale without the owner's consent, was issued for one in every 406 inquiries made in last year's final quarter – more than double the rate of the corresponding 1990 period.

A quarter of cars inquired about were shown as being subject to a finance agreement. HPI emphasised that cars subject to such agreements remained the property of the finance house concerned.

Botnar is to return soon, says Nissan UK

By Kevin Done, Motor Industry Correspondent

NISSAN UK chairman Mr Octav Botnar, for whom the Inland Revenue issued an arrest warrant earlier this week, intends to "return to the UK shortly", according to the company.

It said Mr Botnar had been away on holiday in Switzerland since before Christmas.

Nissan UK, the former importer and distributor of Nissan vehicles in Britain, said it denied "absolutely" that the company or its directors had at any time defrauded the Inland Revenue.

It said that its record as a payer of tax over many years was "there for anyone to see".

Mr Botnar was named at Teesside magistrates court on Thursday in charges brought against Mr Tore Arne Thorsen, manager of Scansiris AS, a Norwegian freight transport company, alleging a corporation tax fraud in which NUK pre-tax profits had been understated by £100m.

Mr Michael Hunt, NUK assistant managing director and a large shareholder in the company, and Mr Frank Shannon, a former NUK finance director, appeared at Worthing magistrates court on Thursday, also charged with alleged corporation tax fraud.

Gourmands go on short rations

Andrew Bolger finds that when the City has to tighten its belt restaurateurs feel the pinch

THE RECESSION is threatening one of the City of London's most hallowed traditions – the expensive expense-account lunch.

A decline in demand for upmarket business lunches has forced the Pelican Group to change the format of its restaurant in Hays Galleria, between London Bridge and Tower Bridge.

Pelican said: "The days of spending £30 to £40 a head on lunch – or even £25 to £30 – may not have gone away forever, but they will certainly not return for some time.

"Our trade is dependent on the business climate on the south side of the river and two or three large corporate clients in this area are experiencing difficulties.

Pelican will convert the Hays Galleria restaurant into a brasserie, where customers can opt for just a coffee or a drink. Its other brasserie outlets in London are enjoying sales 17 per cent higher than last year, as customers trade down from more expensive restaurants.

Things are less gloomy at the top end of the market. The Savoy Hotel said business remained brisk in its River Room and Grill Room restaurants – favoured venues for power lunches.

Even there, the impact of recession has not gone unnoticed. The Savoy said: "People are much less likely to have three glasses of armagnac after lunch, as they might have done two or three years ago. They are drinking less anyway, but customers are more inclined to order house wine than they used to be."

Trade is "noticeably down on last year" at Sweetings, a privately owned City institution famous for its fish – and puddings like cook never used to make them at prep school.

Sweetings said: "We are surviving – a lot of people aren't. We are seeing both fewer people and regular customers less often. People we used to see twice a week now just come in once, or once a fortnight.

"Others who do come in are spending less. Expense accounts are being cut back. People are not drinking as much – a lot of people come in and just have a soft drink."

Direct marketing methods have been adopted by Corney & Barrow, which owns a chain of restaurants and champagne bars across the City. Its Cannon Street branch (set menu £14.95 a head) has recently been emblazoned with a poster reading: "Steak sandwich only £2.95 - for a limited period only."

Balls Brothers, which also owns a chain of City wine bars, eschews such tactics: "We decided not go to down the Ratners route of trying to be the cheapest in the high street. We are very conscious of our prices, but we have not been trying 'happy hours' or special offers."

Mr Richard Balls, managing director, said: "The luxury end of trade has died out. People are no longer drinking Krug champagne and eating salmon sandwiches, as they were two years ago."

The company was still seeing good, steady trade in its wine bars, with average spending of £8 to £12 a head. "Customers are not trading right down to the most basic house wines, but are definitely tending to choose bottles from the bottom end of the list."

Fixed-price menus have proved a lifeline for some restaurants. The Cotillion in Walbrook started offering a three-course lunch for £19.95 last summer, and this month reduces that to £17.50 in an effort to increase trade.

Mr Pierre le Fur, manager of the Cotillion, said: "Most people choose the set-price menu. Even big brokers like BZW and Smith New Court do not like to be presented with a big bill."

Le Poulbot, the Roux brothers' establishment on Cheapside, has always offered a three-course set menu, which currently costs £31.50 a head. It is being kept "fairly busy, apart from Mondays".

Le Poulbot said: "On the whole we are filling up, but with parties of two or three, not fours and fives. People tend to limit themselves to one bottle of wine, whether there are two or four."

Novelty can also be a draw. Sir Terence Conran's restaurant at Butler's Wharf, Le Pont de la Tour, opened in September and is fully booked for lunch, with a set menu at £21.50 a head.

Sandwiches are a cheaper alternative to eating out, but even here the recession has bitten deep. Mr Robin Birley, who runs a chain of six sandwich shops in the City, said trade was down 15 per cent to 20 per cent on last year.

The amount spent remained about £3.50 a head but the number of customers was markedly down. "Banks have moved from the area served by our Cannon Street shop into developments like Broadgate," Mr Birley said. "We have moved into Canary Wharf, which has been a big success."

The group's delivery service to companies is down by about 25 per cent and Mr Birley believes the City has suffered even more than the West End.

He said: "There was such a colossal boom that the scaling back will go on for some time. The City has sobered up. We will probably never see a return to the go-go days of a few years ago, when buildings were packed with incredibly well paid traders and brokers."

The whole notion of belt-tightening in the City is relative, however. Sweetings, where lunch averages £20 to £25 a head, said: "It's still pretty reasonable. We don't do vintage champagne – the dearest is £30 a bottle."

[مطابق للأصل]

Wild animals aren't safe in the woods, the hedges or the fields.

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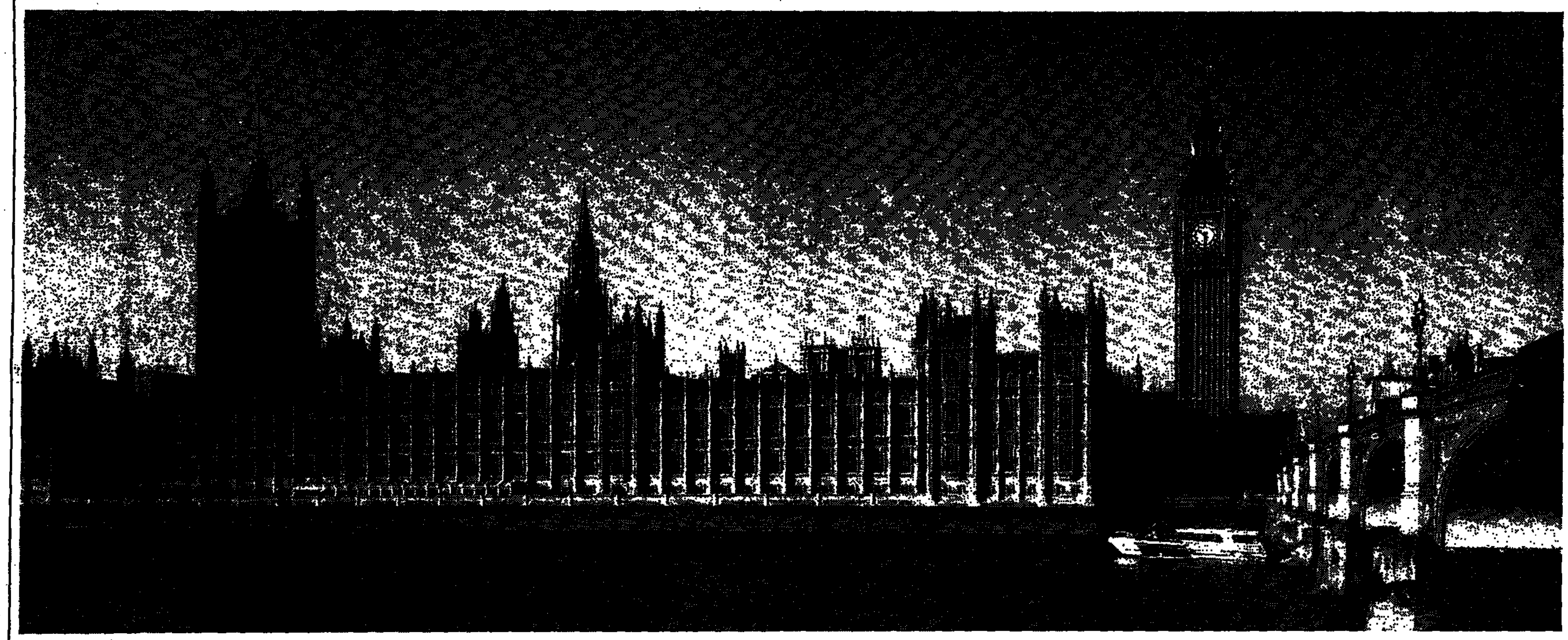

As the law stands you could put down this newspaper, go outside and nail a live squirrel to a tree without fear of prosecution.

You could catch a hedgehog and beat it to death with a stick.

Or cut the ears and tail off a living fox.

It's quite permissible to pursue a deer for several hours and then use a pack of dogs to tear it to pieces, or snare a badger and allow it to choke to death.

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Its proposals are far reaching. From banning fox and stag hunting to more fundamental matters such as making cruelty to wild animals a punishable offence.

The Bill needs the support of 100 MPs to proceed.

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Weekend February 1/February 2 1992

Living with the hair shirt

THE SOLE case for the policies that have driven the economy into a deep recession is that the UK may thereby gain the long-term benefits of low and stable inflation. The job begun at the beginning of the Thatcher era can now be completed.

What has given force to the theoretical arguments for a zero-inflation economy is the UK's membership of the exchange rate mechanism of the EMS at what even enthusiastic proponents would agree was a demanding (if not overvalued) rate. If ERM membership is not to end up as just another in the series of half-hearted expedients that pass for British economic policy, its implications for economic policy are still not thoroughly digested. The main implication is that inflation must fall below the lowest level of any leading country within the ERM and must fall to that level as soon as possible.

It must fall below the levels of other countries because of the UK's poor initial competitiveness. Notwithstanding the deep recession, the volume of exports, excluding erratic items, between the three months to December 1990 and the same three months in 1991 grew by only 4 per cent. The current account deficit is over 1 per cent of gross domestic product at the moment and is likely to grow rapidly in any recovery. Lost competitiveness must be regained.

The case for lowering inflation as quickly as possible is that the target for the UK must be not just a comparable rate of cost inflation, but a comparable level of costs. It would do little good to achieve the same rate of inflation as in France from, say, 1996 if in the intervening period there had been progressive erosion of competitiveness from what was already the demanding base set in October 1990. The quicker convergence of inflation is achieved, therefore, the shorter the period during which UK cost inflation will have to be lower than in competitor countries.

Sole route

A recession is, unfortunately, the sole route to the required disinflation. It may impose a high price, but it is also a unique opportunity. If the UK has not achieved full convergence by the time recovery is well under way, the whole process will simply have to be repeated.

The objective has not yet been achieved. The consensus of forecasters, for example, is for about 4 per cent retail price inflation in the year to the fourth quarter of 1992, above levels in several European countries. Over the past year, earnings have risen by 7½ per cent in the UK, still above the German increase of 6.7 per cent, viewed by the Bundesbank as a disaster. To be safe, British annual pay inflation must fall to about 3 per cent. It is only against this demanding disinflationary objective, therefore, that the chancellor's fiscal stance can be judged.

In its estimable Green Budget, the Institute for Fiscal Studies argues that the chancellor might introduce a net tax cut of £1-2bn in the forthcoming budget. It also argues that such a cut can be justified by the need for fiscal reflation.

Since the budget has swung from a public sector debt repayment (excluding privatisation receipts) of £7.4bn (1½ per cent of GDP) in 1988-89 to the IFS forecast borrowing requirement of nearly £28bn (4.3 per cent of GDP) in 1992-93, nobody can argue that tax cuts of £1-2bn would make all that much difference. Macroeconomically speaking, the budget is an over-rated event, even though a discretionary tax cut now would make the government's promise to "balance the budget over the cycle" still less credible than it already is.

Fiscal fine-tuning

Nevertheless, the return to fiscal fine-tuning, with incomes policy in the wings perhaps, brings back unpleasant memories. Fiscal fine-tuning has big disadvantages. It is always more pleasant to make discretionary tax cuts than discretionary increases, which is why such cuts are the fastest possible route from cyclical to structural deficits. Such cuts have, in the past, nearly always been mistimed. Fine-tuning also undermines the ability of the fiscal system to provide a stable structure of incentives. And, quite apart from these permanent disadvantages of fine-tuning, there is the immediate difficulty that the present recession has not yet done its work.

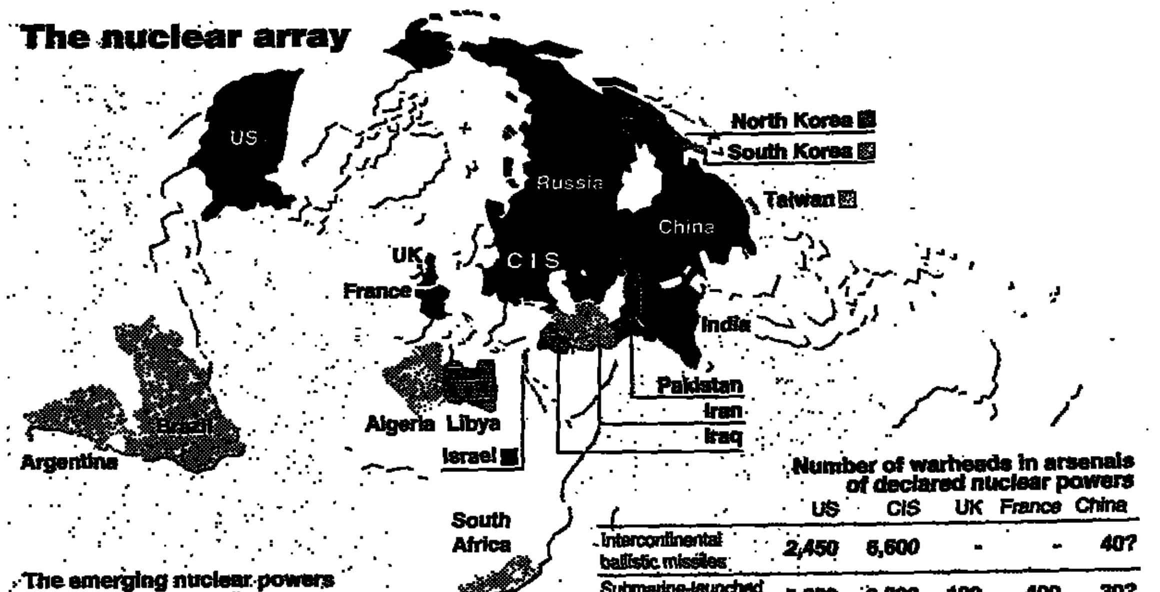
Yet cuts in taxes can be defended. The best approach, however, would be to focus them on the aim of limiting the long-term costs imposed by the disinflationary recession. The objective should be to maintain investment, perhaps through temporary investment allowances.

The case for cuts in the basic rate of income tax is political. But that policy might not even buy the election. It would certainly be irrelevant to the UK's principal macroeconomic task: that of lowering inflation to below Europe's best level. The UK has a chance of achieving this aim right now. It is unlikely to get another one for a long time.

The arms race may have gone into reverse, but more nations think they need a nuclear deterrent, writes **Edward Mortimer**

Superpowers move the winning post

The nuclear array



The emerging nuclear powers

- Acknowledged nuclear weapon states
- De facto nuclear weapon states
- Pursuing nuclear weapons
- Potential nuclear weapon programmes?

Source: Lewis A. Dunn, Containing Nuclear Proliferation, IISS Adelphi Papers

Number of warheads in arsenals of declared nuclear powers

	US	CIS	UK	France	China
Intercontinental ballistic missiles	2,450	6,600	-	-	40?
Submarine-launched ballistic missiles	5,200	3,600	100	400	30?
Aircraft bombs and missiles	8,300	5,400	200	120	200+
Other land-based missiles, shells	2,840	5,000+	-	90	100?
Other sea-launched missiles and torpedoes	350	1,500	-	-	-
Surface-to-air missiles		3,300	-	-	-

Source: SIPRI, IISS

The nuclear arms race, as we knew it, between the superpowers is no more. In fact, it has gone into reverse. This renders obsolete the process of arms control as we knew it, since that was concerned essentially with regulating the arms race.

Arms control started from the assumption that there were two superpowers, mutually hostile and suspicious, whose only common interest lay in avoiding the destruction or irremediable pollution of the planet on which both were obliged, until further notice, to live.

Only in 1987, with the Intermediate Nuclear Forces (INF) treaty, did arms control produce an agreement requiring the actual destruction of existing weapons: in fact, of an entire category of missiles. What made that possible was the discovery made by the Soviet Union, when it found the arms race running beyond what its economy could sustain, that security is not a zero-sum game. Mr Mikhail Gorbachev recognised that the Soviet Union's security problems were at least partly of its own making, since its military preparations had made Nato countries feel insecure and prompted them to respond in kind.

This discovery reversed the assumption which drives all arms races, namely that whatever one side does to increase its own security makes it easier for it to contemplate an attack on the other. Followed to its logical conclusion, Mr Gorbachev's discovery makes arms control unnecessary: if each side realises that it can best enhance its own security by dismantling those weapons which most threaten the other, then it will do so without having to be constrained by detailed agreements. All it needs is a general conviction that the other side has got the message and is behaving similarly. In the end the very concept of "sides" becomes irrelevant.

That is precisely what is now happening. The upward spiral in nuclear weapons has been replaced by a downward one. It has not yet gone down to the point where smaller nuclear powers like the UK and France are obliged to join in. Their forces, as Russian President Boris Yeltsin admitted after a tutorial on the subject at 10 Downing Street on Thursday, are still "not comparable" with those of the superpowers.

But Mr Yeltsin was perhaps too generous in adding that "therefore the matter is not really worth any discussion". There is already discussion in Washington, no longer regarded as purely academic, about the floor level at which US nuclear weapons should ultimately be stabilised. In this discussion it is assumed that Russia is now willing to match any cuts that the US decides on. Therefore the size of other countries' forces become a relevant consideration.

One school of thought holds that the US should not allow its arsenal to fall below 5,000 warheads, on the grounds that it must, in order to maintain its superpower status, have a larger number than Britain, France and China combined.

Every nuclear power is obliged to rethink its position in this new strategic context. What does it have nuclear weapons for? How many does it need, and of what type? How many nuclear powers will there be, and what kind of threat will they pose?

Probably no political or military leader, since General Douglas MacArthur in the Korean war, has wanted actually to fire nuclear weapons at an enemy. Their usefulness, if any, is as a deterrent. The "war-fighting strategies" which caused so much alarm in the early 1980s were not expressions of desire or intent. They were contingency plans, designed to make nuclear deterrence more credible – the theory being that the adversary will not be deterred unless he believes the danger of nuclear retaliation is real; that he will not believe so unless the putative retaliator has a credible plan of retaliation; and that no such plan is credible unless it provides for the survival, in some shape or form, of the society on whose behalf it is made.

Even Iraqi President Saddam Hussein is unlikely to have been developing nuclear weapons with a positive determination to use them. It is now known that, in the late 1970s, he took trouble to procure and study the writings of General André Gallois, theoretician of France's nuclear force de frappe. The essence of General Gallois's theory is that possession of

France disliked 'flexible response' because it implied that a nuclear war might be survivable

nuclear weapons enables a state to make its national territory an invulnerable "sanctuary", which no one will dare to attack. Mr Saddam probably hoped to achieve this for Iraq, thereby enabling him to wage conventional war against his neighbours at relatively low risk. It is fortunate for those neighbours that in the end he found himself unable to wait until his nuclear umbrella was in place before launching his attack on Kuwait.

The example of Saddam Hussein is useful because it illustrates both the reasons why a state may wish to deploy nuclear weapons, even though it has no desire to use them. It may want to deter an attack on its own territory by superior conventional forces; or it may want to counteract the advantage gained by another state which has nuclear weapons. Whatever Mr Saddam's real intentions, his public justification for having a nuclear programme – a valid one in the eyes of the Arab public – is that Israel should not be allowed a nuclear monopoly in the Middle East.

Again, this does not mean that Arabs generally believe Israel would use nuclear weapons against them for the fun of it, so to speak. No matter how callous one imagines the Israelis could be, it is clear that they could expect no positive benefit from nuclear war. But the fact that Israel is universally believed (despite its occasional *pro forma* denials) to have nuclear weapons does put it at an advantage *vis-à-vis* the Arabs in conventional war, and hence also in diplomacy. Israelis would see that as necessary to ensure their survival, given Arab numerical superiority. But Arabs see it as enabling Israel to humiliate them, notably by holding on to occupied territory, with impunity. No state likes to be at that kind of disadvantage in a dispute with its neighbour.

Now consider the case of western Europe. The historic justification for having nuclear weapons there has been the need to deter an attack by superior conventional forces, specifically those of the Soviet Union. This applied to Nato, and also to France's independent strike force.

Nato's "flexible response" doctrine meant, in essence, that it sought always to maintain a credible option of nuclear retaliation if its conventional forces seemed about to be overwhelmed by a Soviet attack. Therefore Nato always firmly rejected suggestions that it should make any kind of pledge, even a reciprocal one, not to be the first to use nuclear weapons, replying simply that it would not be the aggressor. France disliked "flexible response", not because it implied being the first to use nuclear weapons but, on the contrary, because it implied that a nuclear war might be survivable.

While Nato strategy sought to make the nuclear deterrent more credible by limiting its initial impact, French strategy sought to make it more awe-

Superior conventional force may still be a threat for Israel and some ex-Soviet republics

some by stressing its apocalyptic character. It was based on a simple syllogism: nuclear war is unthinkable; any war in Europe will be a nuclear one; ergo, war in Europe is unthinkable. Thus French literature on the subject tends almost to deify nuclear weapons as a phenomenon which has saved Europe from the demons of war which so ravaged it in the past.

That was broadly also the view of Mrs Margaret Thatcher, although less dithyrambically expressed. The Americans were always more ambivalent on the subject, since for them the proposition that Armageddon was worth risking to avoid conventional defeat in Europe had less obvious attractions. A non-nuclear world was one they could more comfortably contemplate. Indeed, President Ronald Reagan proclaimed it as his objective when he launched his Strategic Defence Initiative (SDI), and came close to agreeing on it with Mr Gorbachev at Reykjavik in 1986.

Now that the Soviet Union has disintegrated, and the fear of Russian conventional forces overrunning western Europe has vanished, it has become much harder for Nato to justify retaining an option to use nuclear weapons first. Nato's New Strategic Concept, published at last November's Rome summit, does still assert that nuclear weapons "demonstrate that aggression *of any kind* is not a rational option", and that they are therefore "essential to preserve peace", but those words were included at French, and to a lesser extent British, insistence. UK politicians, unlike the French, have tended to explain the national deterrent as a necessary response to the existence of other nuclear powers, rather than as something good in itself.

In the post-Cold War world, superior conventional force is no longer the main threat that west Europeans have to worry about. But it may still be the main threat for Israel; for some of the ex-Soviet republics, such as Armenia (which may fear invasion from Turkey), or Kazakhstan and Ukraine (whose fears are directed at Russia); and for any number of third world states. The temptation for these states to emulate France, hoping that nuclear weapons will make their national territory invulnerable, is likely to be strong whether or not they themselves harbour any aggressive intent towards their neighbours.

For Belarus, Kazakhstan and Ukraine – republics on whose territory parts of the Soviet strategic arsenal are located – this question is an immediate one. Belarus and Ukraine, traumatised by the Chernobyl disaster, seem for the moment eager to do without their own nuclear deterrent: they have committed themselves to signing the nuclear Non-Proliferation Treaty (NPT) as non-nuclear weapons states. But that position could change if the fragile Commonwealth of Independent States, with its cumbersome arrangement for joint control of strategic forces, falls apart. Kazakhstan in any case is taking a more cautious line. Its leaders have talked of retaining strategic weapons on their territory until the year 2000.

Meanwhile, thousands of ex-Soviet nuclear technicians are reputedly looking for jobs abroad, and it is almost inevitable that some of them will end up in the service of would-be nuclear powers in the third world.

It is this process of nuclear proliferation, rather than any conventional threat, which is now most worrying for Nato countries. France implicitly recognised that when it agreed to sign the NPT last year, reversing a long-held national position. Doing so does not require France to renounce its own nuclear deterrent, since it is one of the five states which qualify as nuclear weapons states under the treaty, having exploded a nuclear device before January 1 1967.

But there is an apparent contradiction between the logic of the NPT and the French, or indeed the Nato, doctrine, that nuclear weapons are essential to deter aggression and preserve peace. Why, the would-be proliferator can reasonably ask, do some states require their own national deterrent for these purposes, while others are expected either to seek a nuclear guarantee from their allies or (if that is not available, or comes at an unacceptable political price) simply to rely on some vague notion of collective security and "new world order".

As they seek to maintain and strengthen the NPT (which comes up for renewal in 1995) and to persuade new states to adhere to it, the five recognised nuclear weapons states are likely to find that question more and more difficult to elude.

MAN IN THE NEWS

The Prince of Wales

Royal catalyst for social change

By Colin Amery

The Prince of Wales seemed until recently to have become rather quiet. Perhaps it was just the grey winter season when all that disturbed the flat landscape around Sandringham was the sound of royal guns and the dull thud of falling pheasants. But it would be unwise to think that because His Royal Highness is not always in the public eye nothing is happening.

Now the spotlight of publicity is on the Prince of Wales again with the announcement at a reception at St James's Palace on Thursday of his own new Institute of Architecture. And there is a full programme of tours and speeches to come in 1992.

Next week he will speak to heads of government at the World Economic Forum in Davos. Later this month, he and the Princess of Wales will travel to India on an official visit. The Prince will also continue his programme of exploratory visits to European cities during the year, including a special one to Expo '92 in Seville.

No-one can accuse the Prince of Wales of being afraid to speak his mind. His speech on Thursday was a remarkable and heartfelt sermon. In fact, it was really a manifesto of his personal philosophy. It takes a brave man to discuss the state of the soul of the western world over champagne and canapés.

What he has been accused of is overly-romantic attachments to the past. Others see him as a crank who is reputed to indulge in such unwholesome practices as dendrological conversation, not to mention the anatomically inexact science of contemplating one's own navel.

There is some truth in these charges. He believes an important part of his role is to represent history. He has also held on to some "alternative" or "hippy" values which many of his generation experienced and have grown out of.

But on Thursday he delivered a ruminative soul searching that very few public figures could get away with easily. The Prince's sincerity is not in doubt, but he and his staff take the risk that such personal pronouncements could be misinterpreted. It is often said that a constitutional monarchy should be a silent presence in the face of a complex political world.

The Prince of Wales may share that view when he ascends the throne, but, in what will be a long interim period, he feels that there are useful areas where a royal word can help to further public debate. The fact that royal interventions in public affairs are comparatively rare does not deter him. The discreet silence of many of his forbears does not persuade him that he should necessarily follow their example. He sees his role clearly now as an informed catalyst, bringing people of all parties together for comprehensive discussion and shared learning.

His Institute of Architecture inaugural speech reveals a great deal about his philosophy and his concerns for the future of the world. As he has grown older, it is clear that the Prince worries about the condition of men's souls.

He is unhappy about how, historically, "we were persuaded to see the cosmos as a gigantic machine which could be examined, experimented with, and manipulated by Man for his own exclusive use. Everything was explainable by science and anything that couldn't be explained simply didn't exist.

"In this scenario, Man himself becomes a mere mechanical object and any notion of a metaphysical reality disappears altogether. The sense of humanity's uniqueness as a microcosm of the whole Universe is thrown out of the window, to be replaced by an egocentric world view which denies that all-encompassing sense of the sacred and stresses the purely rational".

This is thoughtful and difficult stuff. But behind it lies more than just contemplative hours on the Scottish hills. There are solid and serious events that take place that often do not reach the pages of the newspapers. A recent Sandringham seminar on agriculture and the environment was not headline news. During the seminar, the European Commissioners for agriculture and the environment spent 24 hours in Norfolk with their officials. The European teams were matched by the presence of the UK secretaries of state for the environment and agriculture and their permanent secretaries.

The Prince is an interventionist host who makes sure that discussions are positive and useful. He sees the danger of political megaphone diplomacy and feels that a shirtsleeve picnic around the log cabin on the Sandringham estate can initiate and reinforce personal contacts.

Europe is an important area of concern for the future monarch and the Prince of Wales has made it clear that he recognises that the future of the UK lies firmly in Europe, despite the possible decline of UK sovereignty that that implies. On two recent visits to Hungary and Czechoslovakia, he celebrated the death of communism with speeches that showed that he feels Britain has a central role in reinforcing the common cultural ties that unite eastern and western Europe. Behind the scenes, the Prince has helped with scholarships for Polish doctors to visit Britain for study and research.

The Prince and his advisers have been increasingly active in Europe. And the royal "away days" now include as many European as British cities. In Paris, Madrid, Brussels and several German towns, groups of officials, businessmen and local authority officers have taken part in brief brainstorming sessions over meals. The pattern is for the Prince to take groups with him to indulge in what he calls his "seeing is believing" tours. Besides architecture, subjects close to his heart include town planning, inner cities, waste management and the environment.

There are few public figures able to charter the Royal Yacht and take it half way up the Amazon as a floating base for a conference of world business leaders on environmental and development problems. Last year's trip there was but a preparatory journey for some of the participants in the UN world conference on environment and development to be held in Rio de Janeiro in June. Although the Prince will not attend that gathering, he will be the keynote speaker at a meeting of the Brundtland Commission (the World Commission on Environment and Development named after the Norwegian prime minister, who inspired it) to be held in London in April.

The Prince is in for a busy year. But his energies and programme are now focused on a few, specific, areas. He is learning how to define his role. now After all, he could just play polo...

A new direction for Rumbelows

Michael Skapinker on the high street retailer's change of role

Since he became chief executive of Thorn EMI five years ago, Mr Colin Southgate has been steadily dismantling the empire built up by Sir Jules Thorn, the group's immigrant founder.

Yesterday's announcement that the Rumbelows electrical retailing business is to be converted into an appliance rental operation represents a further retreat from the older, highly-diversified Thorn towards Mr Southgate's vision of a company focusing on two primary businesses: music and the renting out of appliances from television sets to washing machines.

In doing so, he is leaving a business in which Thorn had failed to make an impact and seeking to capitalise on the group's leadership in the UK and international appliance rental market. The move will also provide a significant expansion in the market for consumer products rental.

Employees at Rumbelows, Thorn's electrical retailing chain, have had to live for at least three years with the knowledge that Mr Southgate was desperate to sell the business. Yesterday he acknowledged that he was unlikely to find a buyer and finally decided to act.

Mr Southgate had previously sold Ferguson, the last significant UK-owned maker of television sets, to Thomson of France in 1987. After a protracted search for a buyer, Thorn's light manufacturing division, the Austrian-born Sir Jules's first business, was sold to General Electric of the US in 1990.

Rumbelows, according to Mr Southgate, was made up of "about 45 businesses that Jules acquired in many different ways. Some came to him as payments for debts". Rumbelows has found it impossible to compete with larger rivals such as Comet, Dixons and Currys. Competition is likely to intensify as regional electricity companies expand their retailing interests.

With Rumbelows accounting for only 6 per cent of the UK market and with losses of £16m last year, Mr Southgate yesterday declared: "Enough's enough, really."

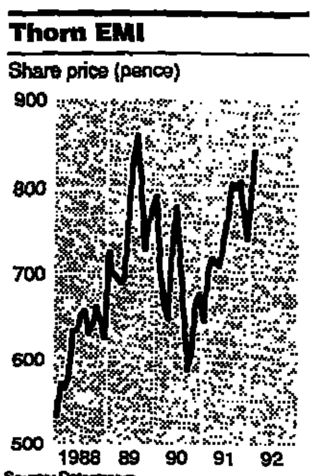
Rumbelows' head office in Waltham Cross will close, along with the company's service organisation. Existing Rumbelow service contracts will be fulfilled by employees of the Thorn rental business. Initially, 800 Rumbelows jobs will go from a workforce of 4,000.

Mr Southgate believes he will have little trouble selling Rumbelows' 45 out-of-town sites. He says fax messages from interested buyers started arriving yesterday morning. The remaining 450 shops high street shops will be reduced to 250 over the next two years.

The remaining business will still be called Rumbelows for the time being, but Thorn plans to turn them into rental outlets. They will be different, however, from the existing 1,000 rental outlets which trade under the Radio Rentals, Multibroadcast and DER names.

The Rumbelows operation will offer customers an eventual right to buy appliances – something not available at the existing UK outlets but common in the 19 other countries in which Thorn has rental businesses. Rumbelows will also be slightly more down-market than the other UK rental shops and will, for example, rent out used equipment.

Rental is big business for Thorn, accounting for 27.5 per cent of 1991 turnover of £3.7bn. Although rental profits fell from £185.6m in 1990 to £138m last year, the division



remained Thorn's biggest earner. In the UK alone, Thorn currently has 3.5m pieces of equipment out on rent.

Rental, Mr Southgate says, appeals to different types of people in the different regions in which Thorn operates. In the US, where Thorn has 1,000 Rent-a-Center outlets, rental is more of a blue collar habit than in Europe.

In northern Europe, Thorn's rental customers tend to be young couples with children. They want expensive television sets or washing machines but cannot afford to buy them outright.

In the UK, almost all Thorn's rental business is of consumer electronic rather than kitchen appliances. UK rental appeals to a wide range of customers from impecunious students to pensioners. The latter are often afraid of appliances breaking down or of not being able to operate them and like the quick service visits available from rental companies.

The biggest boost to appliance rental in the UK, however, is the appearance of new technologies, particularly if there are rival standards. When the video cassette recorder first appeared, many consumers sensibly rented VCRs rather than buying them until the standards showdown between VHS and Betamax had been settled.

Thorn had hoped that the satellite television battle between Sky Television and British Sky Broadcasting – using different, incompatible systems – would result in a similar rental bonanza. The merger of the two organisations into British Sky Broadcasting, using the Sky standard, meant that viewers were less afraid to buy their equipment.

Mr Southgate concedes that there are no new technologies in the offing that might tempt confused consumers to rent rather than buy, although he has some hopes for wide-screen and high definition television.

Although some consumers might consider renting a better alternative to buying during a recession, the drop in Thorn's rental profits last year demonstrates that the business is not immune to a downturn.

Thorn's experience is that during a recession customers tend to hold on to the appliance they have rather than returning it and renting a more expensive and up-to-date one. In the US last year, recession-hit retailers cut the sales price of electrical goods, damaging rental income. Nevertheless, the US side of the business produced a 25 per cent increase in dollar profit.

As the world's largest rental company, Thorn is more confident of its ability to compete in this sector than in the cut-throat world of electrical retailing. The City approved of the decision to get out of electrical retailing, boosting Thorn's shares by 15p yesterday to 841p.

Whether Mr Southgate has been successful in building a healthy and viable company to replace the group that Sir Jules Thorn built will require longer consideration. Mr Southgate contends that many of the original Thorn businesses were too small and UK-based to compete internationally.

Had he been able to turn companies such as Ferguson into world beaters, he would have been regarded as one of the UK's most successful industrialists. That he sold the companies instead is not necessarily to his discredit. Thomson has suffered heavy losses with Ferguson and has closed all its UK research and manufacturing facilities.

Someone else might have made a success of Thorn's electrical retailing. But the fact that no one wanted to buy Rumbelows probably speaks for itself.

Further retreat: Colin Southgate, head of Thorn EMI

James Buxton analyses the effect on electoral prospects of the Scots' desire for independence

Cracks widen in the United Kingdom

A sensational vision will have flashed through some people's minds on Tuesday night. It was the image of Mr Alex Salmond, the ever-smiling leader of the Scottish National Party (SNP), winning a majority of the Scottish seats at the general election and claiming a mandate to negotiate Scotland's independence from the United Kingdom.

That night, News at Ten revealed the findings of an ICM opinion poll showing that 50 per cent of Scots now want independence. Never before has a poll shown such a high level of support for Scotland leaving the UK.

It was also a reversal of the established pattern of Scottish opinion polls, which for the past four years have shown that about 45 per cent of Scots want a devolved Scottish parliament and about 35 per cent want full independence, with the status quo being supported by only 20 per cent.

The poll does not mean that Scotland is about to secede. The only party offering Scotland independence is the SNP and, although backing for the party has jumped to 26 per cent, its highest level since 1989, that is only about half the level of support for independence.

But it does mean that Scotland is set for a rumbustious election campaign centred on its constitutional future. The parliamentary seats at stake north of the border could be crucial to the chances of Labour or the Conservatives winning a close-run general election.

Furthermore the result, whatever it is, is likely to lead to some kind of constitutional change in Scotland. Labour is promising a devolved parliament in Edinburgh, based on a blueprint drawn up by the Scottish Constitutional Convention, in which the Liberal Democrats are the other key players.

So far, the Tories have doggedly upheld the status quo, but they are expected to offer some new constitutional formula if they win the election, especially if, as seems probable, they lose some of the nine Scottish seats (out of 72) which they now hold.

"Independence has become more credible as a realistic option for Scotland in the last few months," says Mr John Curtice of the politics department of Strathclyde University. The momentum, he believes, began with the Kincardine and Deeside by-election in November, where the Tories lost the seat to the Liberal Democrats by nearly 8,000 votes, and became the third party in Scotland – a reminder to Scots that Scotland is ruled by a party which most Scots did not vote for in 1987.

Mr Ian Lang, the Scottish secretary, responded by attacking Labour's plans for a Scottish parliament as unworkable and likely to lead down the slippery slope to independence. By so doing, he gave the impression that the only choice was between the status quo and independence, and may have boosted the case for the latter option.

British Steel's decision early this month to close the Ravenscraig steel plant was seen as a further wound inflicted on Scotland by the English.

Two weeks ago, the four Scottish party leaders thrashed out the constitutional issue before a vast audience in Edinburgh. In the debate, which was later televised, Mr Salmond of the SNP came off best against Mr Lang and Mr Donald Dewar, the Labour shadow Scottish secretary.

Last week the Scottish edition of The Sun, once a backer of the Tories, achieved wide publicity when it said it was backing independence. Yesterday it began handing out car stickers with the words "Arise now and be a nation again".

"If Lang thought that by attacking devolution he could scare people into supporting the status quo he has failed," says Mr Curtice. But he believes that this week's opinion poll is rather less clear-cut than it looks. Many Labour supporters also appear to back independence. Other questions asked suggest that many Scots are happy with either devolution or independence. "What the majority wants is change," he says.

But Mr Lang and the Scottish Tories go towards the election without offering change. Although some Conservatives say the party should be promising to set up a Scottish parliament if they win the election, ministers seem to have decided that it is now too late to present a credible scheme of their own, and a hard core within the Scottish Conservative party opposes any form of devolution.

The most Mr Lang would say this week was that the Tories "would take stock of the situation after the election in the light of the result both north and south of the border". He has repeatedly said that the British constitution is not "set in concrete" but has given no hint as to how it might change.

It is not a stirring basis for an election campaign. The Conservatives are seen as the English party in Scotland, partly because of their refusal dating back to 1979 to give Scotland its own assembly and partly because they sued their English majority to impose their policies on Scotland.

The election in Scotland will be a four-party fight, but as things stand Labour's block of 48 seats, vital to its chances of winning the election, should survive intact. The SNP's latest opinion poll level of 26 per cent is not enough to bring them big gains in terms of seats. In virtually all of the Labour-held seats the gap the SNP must make up is too great.

Most Conservatives, by contrast, have narrow majorities. By giving credibility to the SNP with their anti-devolution campaign, they may hope that the Nationalists will take votes from Labour and so weaken the anti-Tory vote.

The best prospects for this strategy lie in seats like Stirling, where Labour is hoping to unseat Mr Michael Forsyth, the Thatcherite minister of state at the Scottish Office, and possibly in Ayr, where the Tories only have a majority of 182 and where Mr George Younger, the former defence secretary, is standing down.

There is a danger, however that this strategy could backfire. The stronger the SNP becomes, the better its chances of winning rural seats where it is the main challenger to the Tories: the most vulnerable is Galloway in the south-west, held with a majority of only 3,600 by Mr Lang. Next come Perth and Kinross, held by Sir Nicholas Fairbairn, and Tayside North, held by Mr Bill Walker.

With gains by the Tories from the Liberal Democrats possible but unlikely, the Tories could, in the worst case scenario, lose five seats in the general election, leaving them with four.

If, in spite of such a poor showing in Scotland, they were still the overall winners, there would be too few Scottish Conservative MPs to man the Scottish Office effectively. A victorious Mr John Major would at last have to confront the constitutional issue which the Tories have ignored for the past 13 years.

LETTERS

No attempt to stop merger

From Mr Henri de Villiers.

Sir, Your report, "A shake-out for S African banking" (January 30), on the ABSA merger mentions market rumours to the effect that Standard Bank Investment Corporation, through the South African Reserve Bank, tried to have the merger stopped.

We can categorically state that SBIC has at no time approached the Reserve Bank or the Competition Board (or, indeed, any other body) to interfere with the planned merger.

Such action would not square with our frequently stated view that rationalisation within the South African banking and financial services industry is desirable to the extent that operating efficiencies, competitiveness and standards of service, nationally and internationally, are thereby enhanced.

Henri de Villiers,
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Standard Bank Centre,
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South Africa

Questions Occupational Pensions Board should address on AGB funds

From A H J Miller.

Sir, It is difficult to question the decision ("Four Maxwell pension funds to close", January 28) of the trustee to wind up the four AGB pension funds, without knowing far more of the figures. What is of concern, however, is the complete lack of any reference to the employer's obligations, and the apparent silence of the Occupational Pensions Board.

In most defined benefit plans, as it appears these were, the employees pay a fixed percentage of salary, with the employer meeting the balance of the cost. In recent years companies have benefited from the surpluses in their funds by enjoying reduced, and in some cases nil, contributions. No doubt the AGB group did so too.

The converse of this arrangement is that employers have to be the first to stump up when the fund is in deficit. In the AGB case, the employer seems to have a double obligation, because it was one of its appointed trustees who was responsible for the disappearance of much of the assets.

Whatever the size of the hole left by the Maxwell depredations, what arrangements were considered by the company to fund the deficit over a period? Could reduced benefits and increased employee contributions have played a part in saving at least a more modest scheme? Were the members even consulted by their employer?

Surely these are questions the OPB should have been asking before the decision to wind up was made, if its protective role means anything at all.

A H J Miller,
managing director,
Miller, Brand & Company,
36 Spital Square, London E1

Cringing at superiority

From Mr Charles Alcock.

Sir, As a Briton permanently resident in the US I found Christopher Dunkley's review of the 40 Minutes documentary "Wild Man Gatherings" especially amusing ("A contrast of cultures" – Television, January 29).

However, the implied suggestion that these absurd male bonding rituals are widely practised among Americans is quite wrong. "Wild Man Gatherings" are in fact widely ridiculed by Americans, who are perfectly capable of identifying bogus cant when they hear it. Unlike Mr Dunkley I find that very few Americans make me cringe, but the smug superiority of my fellow countrymen all too often does.

Charles Alcock,
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Only the fit can travel by train

From Dr John Peters.

Sir, Richard Tomkins must be a fit, lithe young man to imply that a train is a treat to travel on ("When fare is not fair", January 29).

I am a retired doctor and occasionally go to Romilly in Cheshire, near Stockport. The thought of travelling by train is a nightmare.

I phone for a taxi to the station – time to arrive unspecified. I have to carry two relatively light suitcases to the taxi and then to the station (which was built recently but could have been constructed in the last century). I queue to obtain a ticket, then climb two flights of stairs, to be presented by the pride of British Rail – the Southend to Fenchurch Street line.

On arrival at Fenchurch Street, I am presented with a nice choice: a taxi to Euston, which is slow and expensive, or a walk to the Tower tube station. I battle my way on the Underground to Euston. Then to Manchester at high speed. Then what? I am, I hope, met at the station. If not, I am faced with another difficult journey.

Compare this with travelling by car and enjoying power-assisted steering, automatic transmission, radio and tapes. By car, I can be in Romilly in less than four hours. Pull the other one Mr Tomkins. I simply am not fit enough to travel by rail.

John H Peters,
17 Lee Woottens Lane,
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Essex

Public should be told reality of life assurance contributions

From Mr Robert K Young.

Sir, Messrs Ross and Scurfield's predictable defence of the life assurance industry (Letters, January 29) ignores a simple truth – most policyholders do not KNOW that large proportions of their savings are being siphoned out of first year contributions to fund the industry sales system. All that is asked is they tell them. If the public are told and accept that 90 per cent of the first contribution to a pension scheme is paid away in commissions and acquisition costs so be it.

But let the public be the judge. They should publish their commission scales.

It is the responsibility of the life industry to justify its charges, not to hide them behind cleverly worded policy constructions the public do not understand.

One cannot compare long-term, equity-based investments with deposit-based savings. In the latter there is no capital risk and instant access without penalty. This is neither a fair comparison nor an addition to balanced debate.

They may like to consider why an endowment policy is sold in preference to either a unit trust or PEP in the majority of cases. The answer, of course, is one word – commission.

Messrs Ross and Scurfield know it. The industry knows it. Every salesman (IFA or tied) knows it. They are just too frightened to admit it. They may claim that the SIB survey is flawed but they can hardly deny their own policy conditions. They weave a tangled web. It is time it was stopped.

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Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Innocent have no need of silence

From Mr Duncan Heenan.

Sir, Robert Rice's description ("The ass brays over the silence of the lamb", January 30) of the law as "an ass" in the matter of a "right to silence" is surely not only right but a reason to change it – the law, that is.

The so-called right to silence is claimed on the ground of avoiding incriminating oneself. How ridiculous! In a just society the guilty should be encouraged to incriminate themselves, and the innocent would not be capable of doing so by telling the truth.

As a layman, I despair at the widening gulf between the law and justice, which serves only to help lawyers get ever fatter by splitting hairs to protect the guilty.

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Appointments put MFI on path towards reflotation

By Michiyo Nakamoto

MFI, which was the subject of one of the largest management *buy-outs in the UK, has taken* an important step towards reflotation with the appoint*ment of a financial adviser and* joint stockbrokers.

The indebted furniture retailing and manufacturing group has appointed County NatWest as its merchant bank adviser and Rowe & Pitman and Smith New Court Corporate Finance as joint stockbrokers.

The announcement triggered a rise in the shares of Asda, the food retailer, which as MFI's former parent company retains a 25 per cent stake in its offspring. Asda's shares surged 11 per cent to 39½p before closing up 3½p at 39p.

Mr Derek Hunt, MFI chairman, said the group had seen strong sales in the past six weeks and was ready to begin preparations for a reflotation.

Although no decision has been made as to the exact timing of the flotation, the group would prefer to see the general election out of the way. The flotation was also subject to MFI's buoyant performance being sustained and to favoura*ble conditions on the stock* market.

MFI was bought out from *Asda in November 1987 by a* management team led by Mr Hunt, in what was at the time the largest MBO in the UK. The highly leveraged £718m buy-out soon ran into difficulties, however, as interest rates climbed and consumer spending fell sharply.

The group negotiated a refinancing in the summer of 1989, and rescheduled a portion of its debt in May last year.

It is still saddled with £500m of capital repayment, the first £15m of which falls in April. There will be another repayment of £25m in the autumn.

Mr Hunt is cautiously optimistic about the group's trading outlook. "We believe the bedrock was at the interims," he said.

MFI posted a 21 per cent increase in trading profits to £25m (£20.6m) in the six months to November 9 on slightly lower turnover of £319.2m (£320.4m). The pre-tax loss was trimmed to £11.5m (£16m).

Since then, the group has seen a strong rise in trade in the January sales, which pro*vide more than a quarter of* total turnover. In the six weeks since the sales period started in late December, there has been an improvement in group sales in the double digits in percentage terms over last year, Mr Hunt said. The improvements seen were at least in the "higher teens", he said, and he expected to see continuing strength ahead.

MFI has invested heavily in software and strengthened inventory controls, thereby releasing £18m as working capital.

In its stores it has raised the proportion of products manufactured in its own factories, which has enabled it to maintain gross profit margins at about 58 per cent. Overheads have been lowered by 5 per cent on a year-on-year basis.

A virtually just-in-time delivery system has been adopted for its stores and is being introduced to its factories.

IBM's UK subsidiary tumbles £544m into losses of £124m

By Alan Cane

INTERNATIONAL Business Machines' UK subsidiary, last year produced results which, although broadly anticipated, bear grim witness to the recession in the UK, the effects of fiercely increasing competition and the slowdown in the computer business worldwide.

IBM United Kingdom Holdings made an operating profit of only £60m in the year to December 31 1991 compared with £420m in 1990.

Restructuring costs of £184m, moreover, resulted *in a group loss before tax of £124m.*

The UK company is following the pattern set by its parent which last month announced its *first annual loss and first fall in revenues since* the Second World War.

IBM UK's overall revenues fell 8 per cent from *£4.32bn to £3.98bn. Its UK sales* were 14 per cent down, from £1.98bn to £1.7bn while revenues from the export of goods and services declined by 3 per cent from *£2.35bn to £2.28bn.*

The restructuring costs of £184m were largely accounted for in the loss of more than 2,600 jobs during the year through a mixture of natural wastage and voluntary redundancy.

IBM is not alone in producing poor results. Major computer manufacturers have been hit hard by a combination of factors which have depressed revenues and profits including recession, a shift to industry standard products which command lower profit margins and market saturation.

Sir Anthony Cleaver, IBM UK chairman, said the company's performance in the fourth quarter of 1991 showed some improvement over the same period in 1990, indicating that business was beginning to pick up.

Pay had been frozen for part of the year and *expenses cut by 10 per cent.*

● **COMMENT**

Suddenly in the UK the tables are turning. IBM, for long the leader in the UK's two horse computer race, is losing market share. ICL, the *straggler, is, since its takeover by Fujitsu of* Japan, looking increasingly impressive.

Mr John Gardner, ICL UK managing director *said* yesterday that the company *sales* grew during 1991 and it maintained profitability. IBM must be envying ICL's competence in standard systems, its early move into software and services and its lean operations.

All of these are now part of IBM's plan for a return to profitability.

Guinness Peat Aviation plans April flotation

By Roland Rudd

GUINNESS Peat Aviation, the aircraft leasing company, is considering raising about $700m (£386m) of new money in its flotation, which it plans to bring forward to April.

However, shares with a value of up to $1.5bn are likely to be on offer, the precise amount depending on how many of its existing shareholders wish to sell.

The flotation, aimed primarily at investment institutions, will be one of the most ambitious attempts to market shares in the big share markets of the world.

Air Canada and Aer Lingus own substantial blocks of shares, each worth about $200m, and are expected to sell part of their holdings.

Air Canada said the company would sell its holding if the price was right. The company would not comment on what price would be acceptable, but industry sources believe it is looking for a price in excess of $20 a share.

The biggest shareholder is Japan's Mitsubishi group of companies with 16 per cent.

Advisers to the group, which include Nomura, the global co-ordinator, the UK merchant bank, Schroders, and Goldman Sachs of the US, are understood to have recommended different share prices ranging from $17 to $23. GPA would prefer to get the issue away with a higher share price.

The sale will help GPA finance its ambitious programme of aircraft purchases. To the year 2000 it has firm orders of $11.9bn and a further $9.2bn of non-binding commitments.

Last summer, GPA asked the huge Japanese securities firm, Nomura, to examine the possibility of a flotation, though GPA has never given a commitment that it would go public. Nonetheless there has been speculation that a share sale would take place towards the *end of the year.*

However, GPA has decided to accelerate the flotation pro*cess to take advantage of the* buoyancy of the US stock market. It hopes to make a prelim*inary filing with the Securities* and Exchange Commission, the US regulator, by the end of February.

Heavyweight bout with no real winners

The anti-climactic ICI/Hanson title fight showed up weaknesses, rather than strengths, suggest **Paul Abrahams** and **Roland Rudd**

LORD HANSON and Sir Denys Henderson, the ICI chairman, are stepping down from the ring bloodied and bruised. Retiring to their dressing rooms they can now assess how the battle has left them placed for their next bouts in the corporate ring.

Lord Hanson's scorecard shows that his reputation for unrivalled mastery of the acquisition game is in peril. That means that questions about the future of his acquisitive conglomerate will become more pressing.

Sir Denys has won the contest on points. ICI is becoming leaner and more agile. But many of the doubts raised about its performance will haunt it long after Hanson has sold its stake.

For Lord Hanson, and for investors in his company, much has changed since the daring purchase of 2.8 per cent of ICI's shares in May last year.

A fund manager who had attended a recent meeting with Lord Hanson, said: "The last time we saw Lord Hanson was in 1990, when he was in a triumphant mood. This time he was more sober. He had come to tell us that he had been wrong about ICI and that he was ruling himself out of bidding for the company."

For Lord Hanson to admit that he was wrong has come as a shock not only to institutional shareholders, but also to the City as a whole. Goldman Sachs, which advised ICI during the battle, believes that, by initiating a debate about the quality of Hanson's profits and its style of management, ICI has weakened the conglomerate's ability to make another big takeover.

Mr Charles Pick, conglomerate analyst at Nomura, agrees, but says that Hanson could still make a medium-sized acquisition. "If he wanted to make a bid for a company on the scale of ICI, he would need *to issue equity. That is now* harder for him because of the revelations about his manage*rial style and quality of profits.* But with credit lines of around £5bn, Hanson would have no problem in making an all-cash bid for a medium-sized company."

Yet Hanson needs a big takeover to maintain its record of 28 years of earnings growth. Recent large US acquisitions have enabled Hanson to increase pre-tax profits from £1.28bn to £1.31bn in the year to September 30. But in the UK, where there were no significant deals, pre-tax profits fell from £474m to £424m.

The big investment institutions are still not happy about Hanson's corporate governance. Although Lord Hanson has reassured some of them that the management of the company will become more open, and that there will be increased delegation of responsibility, there are still concerns among fund managers that Hanson has failed to appoint non-executive directors with sufficient power to protect shareholders' interests.

As Hanson licks its wounds, one consolation might be the knowledge that it has thrown the solid, stable and occasionally complacent world of ICI into turmoil.

Hanson's assault has raised doubts about ICI's strategy, management and financial performance which it has yet to dispel. In particular, the scrutiny provided by Hanson showed that in spite of reshaping in the last decade, ICI still does not have a mix of businesses to insulate it against recession.

During the last year, only ICI's pharmaceuticals division has kept the company's results respectable. In the third quarter of 1991, the division generated pre-tax profits of £147m, compared with £196m for the whole group.

Even here, the weakness exposed by Hanson – the division is small by the standards of the world's leading pharmaceutical companies such as Glaxo and Merck – persists.

The bulk chemicals *operations – still ICI's trouble*some core business – are being restructured so that only *the parts that have stayed prof*itable in this recession will remain. But the success of that plan is yet to be tested.

A shadow has also been cast over the success of ICI's move into added-value products such as speciality chemicals and advanced materials.

"ICI has pumped hundreds of millions of pounds and huge management resources into specialities and they have nothing to show for it," says Mr Stuart Wamsley, editor of Focus on Chemicals, an industry newsletter.

A senior ICI executive admits that Hanson has forced the company to change: "It has made us all much more aware than we were about the importance of assessing how we sat*isfy shareholders in everything* we do."

It has ripped out layers of *management as part of an* attempt to cut costs by about £400m a year by the mid-1990s. About £200m has been taken out so far.

Since January 1990, the workforce has been cut by nearly 14,000 and the company has made divestments of between £400m and £500m. Four of ICI's seven general managers have been changed.

Although Sir Denys insisted in November that Lord Hanson's holding was a distraction from the strategic review he started in February last year, the reality is that it was an essential spur to the process.

ICI may have emerged from its contest with Lord Hanson determined to get fit, but the ICI corporate body has a ten*dency to corpulence. The dan*ger is that, without the daily exercise of sparring with Lord *Hanson in the takeover ring,* ICI will once again lose its shape.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	71	49	BTR Warrants 1995/96	62	-4	-	-	-	-
-	F.P.	-	120	105	Baillie Gifford Jap Wrrts	115	+2	-	-	-	-
-	F.P.	-	440	405	Bristol Water Non-Vtg £1	440	+15	-	-	-	-
*335	110	-	126½	104½	British Telecom New	121½	+2½	13.3	2.6	5.1	10.1
140	F.P.	-	157	140	Burn Stewart Dist	149	+2	W5.0	2.3	4.5	11.5
-	F.P.	-	2½	2	Butte Mining Wrrnts.	2		-	-	-	-
†	F.P.	-	75	63	Capital Industries 1p	63		-	-	-	-
-	F.P.	-	310	218	Eurotunnel '91 Wrnts.	283	-2	-	-	-	-
95	F.P.	-	101	99	Exeter Prfd. Capital	99		F0.6	-	0.8	-
-	F.P.	-	33	23	Fleming Japanese Wrrnts	33	+3	-	-	-	-
-	F.P.	-	26	24½	Hong Kong Zero Dn Pf	26		-	-	-	-
§	F.P.	-	£10⅝	£10¼	Latin Am Inc & Appr. 1c	£10⅝		-	-	-	-
-	F.P.	-	4	3	Lowe (W) Wrrnts	3		-	-	-	-
-	F.P.	-	6	¾	Multitrust Warrants	6		-	-	-	-
-	F.P.	-	103	102	Riv & Mrc Tst Inc12 1/2p	103		N9.2	-	11.9	-
-	F.P.	-	119¼	117	Do. Stppd Prf 12.1/2p	119½	+1	N5.6	-	6.2	-
60	F.P.	-	59	53	‡Seafield Resources	55		-	-	-	-
-	F.P.	-	5½	3½	Wills Group Wrrnts.	5½		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Butte Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Camborne Inds. 10½pc Rd. Deb. 2001	105½	-2
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	105	98	Greencore 9.5% Cnv Un Ln Stk 1995	100	
310p	150p	-	275p	187p	Inchcape Non-Int. Bearing Cv Un Ln	265p	-6
100p	F.P.	-	105¼p	100¼p	NatWest Bank 9pc Prf Series A	105¼p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
43	Nil	6/2	19pm	7pm	Airbreak Leisure 5p	18pm	
330	Nil	10/3	83pm	45pm	BM Group 10p	80pm	-2
220	Nil	26/2	27pm	13pm	Beales Hunter 20p	14pm	+1
150	Nil	11/3	24pm	23pm	Hi-Tec Sports	24pm	
185	Nil	11/3	74pm	68pm	Wace	74pm	+1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ◊ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

- First Dealings Jan. 20
- Last Dealings Jan. 31
- Last Declarations Apr. 23
- For settlement May 5

3-month call rate indications are shown on page 11.

Calls in BTR warrants '94, Berisford Intl., Y.J. Lovell, Logica, Medeva, Natl. Home Loans, Stanhope Props. and Taylor Woodrow. Puts in ADT.

MONTHLY AVERAGES OF STOCK INDICES

	January	December	November	October
Financial Times				
Government Securities	87.53	86.71	85.51	86.79
Fixed Interest	99.33	96.82	96.17	96.65
Ordinary	1937.6	1830.5	1920.4	1979.1
Gold Mines	151.1	154.8	168.1	186.8
SEAQ Bargains(4.45pm)	29,697	21,859	25,446	26,924
F.T.-Actuaries				
Industrial Group	1273.80	1215.37	1260.91	1288.80
500 Share	1353.75	1299.58	1353.28	1387.17
Financial Group	*721.01*	*701.97*	*757.43*	*797.50*
All-Share	1203.06	1156.90	1210.28	1245.25
FT-SE 100	2520.2	2410.6	2506.1	2580.9
FT-SE Eurotrack 100	1118.77	1048.12	1085.65	1096.13

	Highest Jan. close	Lowest Jan. close
Ordinary	1996.6 (31st)	1874.2 (10th)
All-Share	*1227.84 (31st)*	*1178.08 (9th)*
FT-SE 100	2571.2 (31st)	2467.1 (9th)
FT-SE Eurotrack 100	1143.22 (22nd)	1076.19 (4th)

Shield forced to restate last published accounts

SHIELD GROUP, the property developer and estate agent, was yesterday forced to publish restated 1991 accounts after it was criticised for contravening accounting standards, in a move which almost doubled its losses per share, writes Andrew Jack.

It also continued to wind down its activities and reported a pre-tax loss for the six months to September 30 of £1.34m (£955,000), on turnover of £5.81m *(£2.97m).*

Shield is the third company to be criticised by the Finan*cial Reporting Review Panel,* which polices accounting standards. It contravened SSAP 6, a *prior* year adjustment standard.

In its re-stated accounts *Shield made provisions of* £3.58m for the year to March 31 1991, against £784,000 when the accounts were first published. It also increased stated losses before exceptional items by £876,000 to £3.75m.

The difference represents adjustments to the value of properties which were made during 1991 but originally transferred to the 1990 accounts in a move which it felt more fairly represented the value of the properties then.

However, *the treatment did* not comply with SSAP 6. This divergence was highlighted in *a qualified report from Stoy* Hayward, its auditors.

"We believe the standard *gave the wrong answer," said* Mr Norman Mazure, chairman. "In reality life isn't always *black and white."*

BAe begins rationalisation with £47m sale

By Paul Betts

British Aerospace is selling its Aerostructures Hamble aircraft components subsidiary for £47m to a new company to be set up by Legal and General Ventures.

This is a first step in BAe's rationalisation policy of concentrating on its core defence, commercial aircraft, Rover cars and property and construction businesses.

Aerostructures was set up in 1989 to produce components for civil and defence aircraft. It employs about 1,700 and supplies parts for BAe aircraft programmes as well as to other customers, including Saab McDonnell Douglas, and Westland, the helicopter group.

Last year its turnover was £66m and pre-tax profit £4m.

BAe outlined its strategy of *disposing of certain peripheral* activities in its prospectus for its controversial £432m rights *issue last September.*

Anglia Secured almost doubles loss to £17m

By Peggy Hollinger

LOSSES continued to mount at Anglia Secure Homes, the retirement housing and care services company. The deficit for the year ended September 30 was £16.9m, almost double the previous year's £8.89m.

Exceptional charges on the value of landbank and developments, its joint venture with Balfour Beatty, and a write-off of capitalised interest accounted for £9.5m of the loss. Last year, Anglia took a provision of £6.5m, mostly for the decline in property values.

Mr Peter Edmondson, chairman, blamed the "appalling malaise in the housing market" for the result. Sales fell by *35 per cent to £23.1m.*

During the year, Anglia sold 298 units, compared with 443 *last year, partly reflecting the* group's move away from development. Average house prices *fell from £71,000 to £67,200.*

Mr Richard Clough, managing director, said the actual *decline was probably greater* as most of Anglia's units were sold in the south-east.

The care services division, in which UK insurer Commercial Union holds a 49.9 per cent stake following a financial rescue package in 1990, returned sales of £8m and had been profitable, Mr Clough said. The division was expected to account for £6m of turnover by the end of the current year.

The group intends increasingly to focus on this division, which manages retirement and sheltered housing units, and builds nursing homes for health authorities.

Mr Clough expected the group to break even or return *a small* profit in 1992-93 as it decreased its dependence on development business.

Interest charges fell from £7.8m to £4.9m and debt was reduced from £35.3m to £29.5m. *Gearing was 185 per cent of* shareholders funds.

Loss per share rose from 35.6p to 49.3p.

Rosehaugh's banks extend standstill

By Vanessa Houlder, Property Correspondent

Rosehaugh, the troubled property company, yesterday announced it had extended its standstill agreement with its banks.

The company, which has net debts of £310m, is negotiating a medium-term refinancing. Rosehaugh's statement to the Stock Exchange yesterday said that discussions were "continuing satisfactorily".

Rosehaugh's share price slipped from 4¾p to 4½p.

The standstill agreement was set up at the end of last year, when Rosehaugh announced pre-tax losses of £227m for the year to June 30 and breached its covenants. Shareholders' funds shrank *from £471m to £164m.*

Rosehaugh's 28 banks, led by Barclays and National West*minster, are discussing the* margins and the maturity of its loans and the security position *of the lenders.*

NEWS DIGEST

J&J Dyson better than expected

ALTHOUGH pre-tax profit at J&J Dyson dropped from *£671,000 to £347,000,* it was a better result than anticipated so the interim dividend is being maintained.

Turnover for the six months ended September 30 1991, of this refractories, motor and builders' merchant group rose to £25.6m (£23.5m).

Mr Richard Field, chairman, said M and G Tankers and Trailers suffered particularly badly as it took volume work at marginal cost. But that strategy had been revised and led to redundancy costs of £55,000, taken to profit as an exceptional charge.

In contrast, the garage and builders' merchant companies turned in improved results.

Steel industry customers, the *main consumers of the refrac*tories, continued to see their orders decline. Dyson had made substantial technical progress in reducing their refractory costs but they were also looking for direct price reductions, "not a formula which helps our own short-term results", Mr Field said.

The interim dividend is 2p paid from earnings per share of 1.68p (3.15p).

£58,000 loss for Courtyard Leisure

Courtyard Leisure, the USM-quoted operator of licensed eating places, incurred a pre-tax loss of £58,000 in the *six months to September 30* 1991, against a profit previously of £49,000.

The loss took account of £38,000 exceptional charges representing staff and establishment costs. Turnover *rose* to £805,000 (£661,000). Losses per share were 0.65p.

Wentworth advances 74% to £436,000

A 74 per cent improvement in pre-tax profits, from £251,000 to £436,000, was announced by Wentworth International Group for the six months to September 30.

The plastic packaging products group achieved a 66 per cent increase in turnover to £10.8m (£6.54m) and the pre-tax result was after an exceptional £29,000 credit.

However, Mr Haque Khan, the chairman, said group prof*its had suffered from losses at* Wentworth Cartons which had been badly affected by the cur*rent economic climate.*

Further cuts to its manufacturing cost base had inevitably led to *further redundancies, he* added.

Looking ahead, he was confident of increased activity both at Paraphane (flexible laminates) and within the point-of-sale display division of Edwards (corrugated packaging).

Earnings came through at 0.29p (1.78p) on an increased number of shares. As usual, there is no interim dividend.

Return to profit for Palmerston

Palmerston Holdings, the property trading and investment group, *returned to profits in* the half year ended September 30 1991, making £476,000.

That compared with a loss of £2,700 for the corresponding period and a deficit of £2.68m *for the full previous* year.

The directors take the view that, for the company at least, "the *worst is behind us". But* they will continue with the recent cautious dividend policy and have cut the *interim from* 1.65p to 0.5p per share. Earnings were 2.12p (losses 0.01p).

Mr Philip Rose, chairman, said the main contributors to the results were an increase in net rental income to £3.05m (£2.64m), a decrease in the share of losses of associates to £1.37m (£2.21m), and the ability to achieve a greater return from trading activities.

European Motor incurs £0.74m loss

European Motor Holdings, the motor group formerly known *as Cargo Control* which bought the motor retail division of Thomas Robinson Group for *£7.1m in November, has* reported pre-tax losses of £735,000 for the six months to September 30. This *compares* with losses of £2.72m incurred in the 15 months to March 31 1991.

Group turnover fell to £3.7m (£8.85m), with turnover on continuing businesses down less sharply at £3.06m (£5.33m). Operating losses on continuing activities were reduced to £462,000 (£527,000) – those on non-continuing activities were £93,000 (£1.61m) – and interest payable was cut to £115,000 (£410,000).

Losses per share for the six months were 2.58p (18.11p for the 15-month period).

SEP Industrial down to £303,000

The widening impact of the recession in the UK and increasingly in overseas mar*kets hit SEP Industrial* Holdings, the USM-quoted engineering products group.

In the year ended September 30 1991 sales fell from £58.3m to £49.5m – and were £10m below budget – *leading to a decline* in pre-tax profit from £2.33m to £303,000.

The group's prime customer base in the vehicle and construction industries was particularly badly affected, said Mr Paul Formby, the chairman.

However, he looked for a significant increase in the current year, the scope and extent being dependent on the timing of any improvement in the manufacturing division. And that justified payment of a dividend – 0.2p against 1.04p.

Earnings per share for the year fell to 0.48p (3.07p).

52% setback for Wholesale Fittings

In the half year ended October 25 1991 Wholesale Fittings limited its reduction in *sales to 7* per cent. But pre-tax profit declined by 52 per cent.

Turnover was £29.9m (£32.4m) and profit £1.21m (£2.5m). Earnings per share halved to 5.6p (11.5p) but the interim is again 3.23p.

In the opening months of the current year turnover showed a slight increase over last year. The group trades from 50 locations.

Neepsend slides by £570,000

Continuing to be hit by the recession, Neepsend has seen its pre-tax profit fall from *£742,000 to £172,000* in the half year ended September 30 1991.

Turnover of this engineering group dropped from £8.4m to £7.7m. The profit was struck after heavier interest and crediting £45,000 from the sale of machinery.

Earnings per share were *0.66p (2.45p)* and the interim dividend is held at 0.5p.

Flextech advances to £3.9m midway

Flextech lifted its pre-tax profit from £3.13m to £3.85m in the six months ended September 30 1991. The results included two months' contribution from Starstream, the satellite Children's Channel.

However, this time there is a £502,000 extraordinary provision against the investment in C3W's application for the Channel 3 franchise for Wales and the West of England. Earnings per share came to 6.4p (6.8p).

Expro, which serves the petroleum exploration and production industries, recorded a satisfactory increase in profits. Regarding the sale of this company, Flextech and its advisers are in discussions with interested parties and shareholders will be informed further when appropriate.

IVS Cable continued to promote its Andover Cable network. HIT Communications was the most prominent distributor of children's television programmes in the UK.

Finlan Gp losses well down at £2m

Finlan Group, the contracting and construction combine, reduced its loss from £5.95m to £2.12m, in the half year ended September 30 1991.

This time there were no exceptional charges (£2.5m) and interest payable was cut to £683,000 (£3.14m). Loss per share came to 0.6p (7.2p).

The directors pointed out that the period ended prior to the reorganisation and did not take account of the resultant significant reduction in overheads and borrowings.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Dyson (J&J)	int	2	Apr 3	2	-	5
Embassy Prop §	fin	nil	-	3	nil	5
Neepsend	int	0.5	Mar 26	0.5	-	1.5
Palmerston Hldgs	int	0.5	Mar 31	1.65	-	1.75
Wholesale Fitts	int	3.23	Apr 9	3.23	-	16.62

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.*

UK COMPANY NEWS - WACE

Suspected links with IRA discussed last year after police probe

A HIGH-LEVEL meeting attended by the Bank of England, the Stock Exchange, the Serious Fraud Office and the Royal Ulster Constabulary was held in London last year to discuss an investigation into suspicions that individuals connected with the Wace Group may have had links with the IRA.

The meeting, also attended by the Metropolitan Police, was held within the Stock Exchange in June and followed earlier investigations carried out by the Insider Dealing Group of the Stock Exchange and by police in Sheffield.

The SE investigations are believed to have stemmed from share dealings at the time of Wace's takeover of Parkway in August 1990, although insider dealing is understood to have been ruled out.

The SFO declined to take up the case but detectives in Sheffield carried on investigations, liaising with the RUC's C13 anti-racketeering unit.

Investigations were held into the background of Mr John Clegg, the chief executive of Wace, and Miss Jane Wright, his cousin, who helped fund his purchase of a controlling share in the Wace Group in 1983. At the time Mr Clegg said that Miss Wright, who is based in South Africa, had largely financed the takeover from a family inheritance.

Detectives were mainly concerned to discover the exact source of the funding and whether there were any links between Wace and the IRA.

A senior security official, confirming the investigations yesterday, said that they had uncovered no evidence to link Mr Clegg with the IRA. "We did the investigation but the story died very quickly. We could find no linkage."

The police were working, however, on a large dossier of evidence on unusual transactions concerning Wace and related interests. Some of the transactions are believed to have involved corporate interests with an address in South Africa.

The investigation is understood to have been shelved some time ago. "We will not be carrying out any further investigation unless someone can bring out some hard facts," said the official.

The probe into the alleged links between the Wace Group and the IRA is only part of a much larger drive designed to identify several potential sources of IRA funds.

In their search for large sums of money, the security forces are understood to be up against a complex organisation through which the IRA attempts to exploit the financial system.

Other public companies are also known to have been featured in suspected insider dealing rings in Northern Ireland which detectives believed could have been raising funds for the IRA. These were quite separate and unrelated to any dealings in Wace shares.

The transactions that came under scrutiny in initial inquiries involved millions of pounds of dealings.

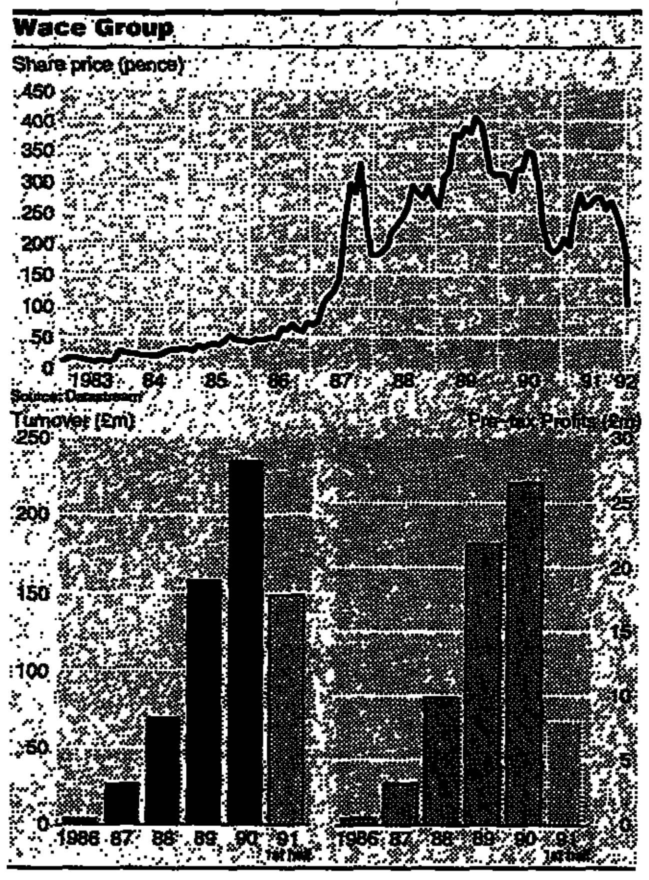
Some discussion on the investigation is believed to have been held between the Bank of England and the Bank of Ireland.

Officials believe the IRA raises up to £6m a year, financing arms and explosives, payments to about 500 active volunteers, safe houses, travel, bribes, and research and development on armaments.

The RUC's C13, set up in its present form in 1986, has recently increased its personnel and now uses high-tech state-of-the-art surveillance equipment and computerised intelligence databanks.

While several investigations into illicit fund-raising are understood to be continuing, the RUC and government officials are anxious to keep them as secretive as possible.

Richard Donkin
Jimmy Burns
Further research: Jan Schling



John Clegg (left) with Wace directors Brian Dudley (centre) and Frans ten Bos, who has taken over Clegg's responsibilities

Extrovert with reputation for deal-making

THE RESIGNATION of Mr John Clegg, 33, as chief executive of Wace Group brings a sudden and mysterious halt to the career of one of Britain's most successful young businessmen.

Mr Clegg was just 26 when he was appointed, becoming the youngest chief executive of a listed company and promising "aggressive development and youthful enthusiasm".

The extrovert young man soon established a reputation as a deal-maker.

A rapid series of acquisitions helped make Wace the world's largest prepress printing specialist, with companies in Britain, France, Germany, Italy and the United States.

Born in Nice, he was brought up in Sheffield and studied law at the London School of Economics.

He trained as a solicitor with Nabarro Nathanson in London between 1979-83 and then worked in the City for a year as corporate finance executive with Minster Trust before moving to Wace.

In spite of his title of managing director for the group, Mr Clegg has been spending most of his time recently in the United States, where Wace is facing very depressed markets.

He has also been taking a less active role in operational issues since extensive management changes at the beginning of last year.

Mr Clegg no longer has a home in London and stays with relatives when visiting the UK.

Wace said yesterday that Mr Clegg was anxious to return to his wife and baby in America as soon as possible.

Andrew Bolger

Rapid expansion in US after series of acquisitions

IN 1990, Wace USA, which has its headquarters in Chicago, moved from second to first position in the pre-press printing sector, according to Graphics Arts Monthly, a US trade publication.

The US company, whose clients have included the newspaper USA Today, Time magazine, catalogue retail firms such as J. C. Penney and Sears Roebuck, and retailers such as Macy's and Bloomingdales, refused to disclose any information about profits, turnover or other financial data. All enquiries were referred to Wace in London.

Wace has expanded rapidly in the US through a series of acquisitions, beginning with the 1988 purchase – for \$56m – of Techtron Imaging Network of Chicago, a company that had achieved an annual turnover of \$83m in the previous year.

Wace agreed to pay \$20.3m in cash to holders of Techtron stock, and a further \$33m to pay off debt built up during a 1985 management buy-out of the company from the Beatrice Group.

The remaining cost of the purchase was for profit-related payments to Techtron's management.

Techtron's name was changed to Wace USA, and the present chief executive is Mr John Collins, an American who sits on the main board of Wace plc.

In 1989, Wace made its second US acquisition – a \$5.5m purchase of Etheridge Company, a printer based in Grand Rapids, Michigan. Later that year, Wace paid \$5m for Ros Ehlert, a film processing laboratory with operations in Illinois and Florida.

In February 1990, Wace agreed to pay \$450,000 for Hawkey and Associates, a Chicago-based consulting and services company.

Mr Clegg said in April 1990 that about one third of Wace's group profits came from the US.

In late 1991, SPP Hambro & Co helped Wace Group to tap the US private placement market for \$60m.

Mr Neil Powell, SPP Hambro's chairman, said at the time that the proceeds would be used to repay bank debt. Mr Powell said four buyers, principally insurance companies, had agreed to the offer of Wace bonds.

Hambro of the UK is the main shareholder in New York-based SPP Hambro.

Alan Friedman

New technology, rights issues and acquisitions fuel the rapid growth

By Bronwen Maddox and Andrew Bolger

MR JOHN Clegg's departure throws a spotlight on the past eight years of Wace Group's extraordinary expansion, one of the most dramatic corporate transformations of the 1980s – and on the last three years, when its glittering record began to falter.

Under Mr Clegg's direction Wace swelled through some 40 acquisitions to become the world's largest pre-press printer, repeatedly treading a path from its North London headquarters to the Stock Exchange to raise more money.

But shareholders, at first dazzled by the young managing director's transformation of the profits, gradually became more worried that it was simply a one-man band, and after the near disastrous 1990 rights issue they began to ask whether the magic had gone.

Clegg saved Wace from near bankruptcy in 1983 when he chose it as the vehicle for his entry into the business world. It had lost around £1m in the three years before his arrival, but in his eyes it was an ideal shell company: it had a stock market quote, and needed the injection of only a small amount of capital to recover.

He joined Wace's board together with his friend Mr Michael Berry, who was owner of a small printing company.

Mr Clegg had no experience of printing but he did have capital – his cousin, Miss Jayne Wright, had left her small inheritance in his hands when she emigrated to South Africa.

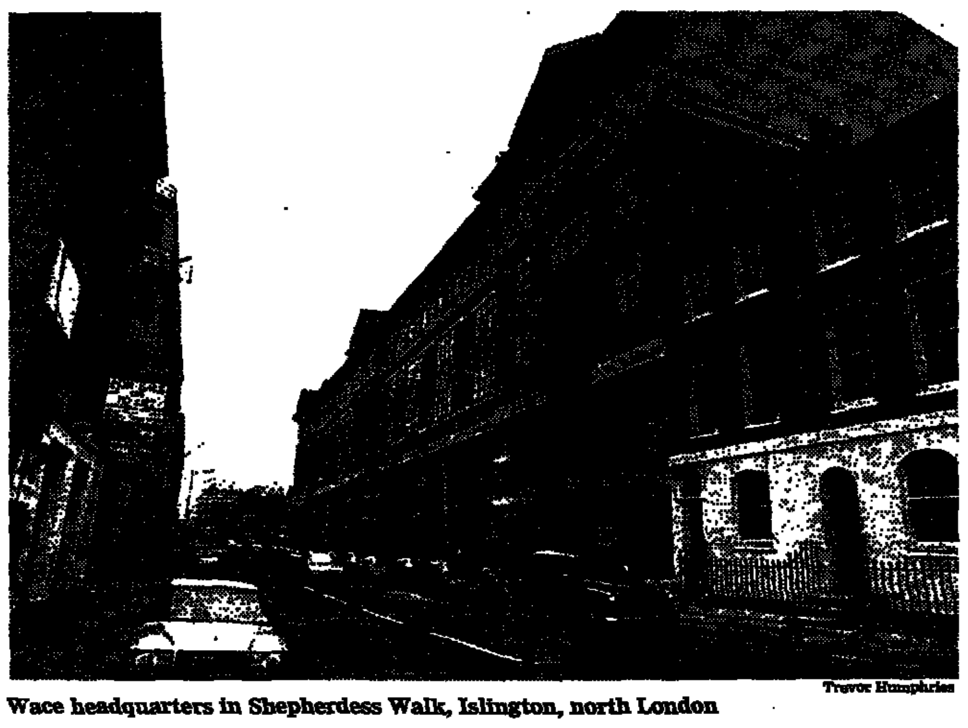
Miss Wright, who is now married and living in South Africa, took a 24 per cent stake in 1983, then underwrote a £610,000 rights issue in May 1984 giving her a third of the company.

Two years of text-book cost-cutting followed before Wace made its first acquisition, of a rival printer, for £330,000.

Mr Clegg argument was that pre-press, which prepares text and photographs for publication, was the most fundamental stage of printing but had been commercially neglected.

New technology was transforming the techniques, by enabling images to be captured digitally and so allowed photographs and page lay-outs to be altered by computers.

But the traditional family "corner-shops" which made up most of the highly-fragmented pre-press market could often not afford to keep up with the changes.



Trevor Humphries

Wace headquarters in Shepherdess Walk, Islington, north London

Mr Clegg argued that Wace should keep investing in the latest equipment and keep mopping up its tiny competitors, so that it could rapidly become the biggest player as the market consolidated and became more sophisticated.

If additional encouragement were needed for his masterplan it came in the form of an advertising and magazine boom, which stimulated the demand for pre-press.

In 1983 Wace's turnover was £4.5m; it had soared to £235.2m in 1990 by swallowing one competitor every two to three months.

The fuel for that rocket was capital. In four years Wace had four large rights issues, all of which had a poor reception in the City.

The first, for £16m in September 1987, fell foul of the October stock market crash.

In October 1988 the company raised £34.4m for the acquisition of Techtron, the largest colour pre-press services group in the US. But only 20 per cent was taken up by institutions and the rest was left with underwriters, because the stock market suddenly slumped again.

Shortly afterwards, on November 17 1988, Miss Wright sold 2m shares at 295p, the bulk of her total holding of 2.866m shares, and sold the rest shortly after. For an initial investment of around £1m, she made an estimated £8.5m on selling the stake.

It is not known whether her cousin who effected the transformation received any of this. Mr Clegg's own holding has always been small; at the end of 1990 he held just under 100,000 shares.

Wace waited scarcely a year before calling, in September 1989, for £44.6m. But again the market fell precipitously during the rights period and again only 20 per cent was taken up.

The pattern led to City jokes that Wace's cash calls were the best way of forecasting a market plunge. But many institutions were still enthusiastic supporters of the company and the shares eventually recovered and rose above the rights issue prices, helped by several sets of excellent profits from the company.

However, in August 1990 the company went back to the market for £37m in convertible shares, partly to finance the takeover of its financially-troubled rival, Parkway, for £12m. This time less than 4 per cent was taken up – it was issued just before the Iraqi invasion of Kuwait.

Institutions had also begun to tire of the constant calls for cash, and advertising had begun to deteriorate. Some had also become wary about the vulnerability of "one-man bands".

Last year Wace unveiled the first serious blemish in its growth with a 34 per cent fall in interim profits to June 1991, blaming the recession-hit advertising market and a sharp increase in interest charges. Parkway, as Wace's shareholders had feared, had continued to have problems, particularly in its US subsidiaries.

Pre-tax profits fell from £12.3m to £8.11m even though turnover rose from £104.2m to £148.3m.

Mr Clegg was nevertheless upbeat, estimating that a quarter of his competitors had shut down: "I would say that in two years' time we will look back on this recession and say it was probably the best thing that ever happened to us."

Despite recent disappointments, there were still many investors, particularly in the US, who were happy to share his optimism.

They are now trying to assess the prospects for the company without its most charismatic director.

Anglo-Irish distances itself from Clegg

ANGLO-IRISH Bank Corporation was at pains to distance itself from Mr John Clegg, who resigned as a non-executive director of the Dublin-based banking group yesterday following market speculation that his UK company, Wace, has been involved in money-laundering for the IRA.

Mr Sean Fitzpatrick, Anglo-Irish's chief executive, said there had been no pressure on Mr Clegg to resign, but that "he took the honourable decision" after a series of meetings earlier this week.

Both Mr Clegg and Anglo-Irish had concluded that "while the allegations are around, it is right and proper that he should resign". Mr Fitzpatrick said: "As a bank we must have directors who are above and beyond suspicion."

Mr Fitzpatrick added: "I can confirm that we had no banking relationship with John, his family or with Wace. No loans were made to them, nor were there any deposits from them, or banking transactions." He said he was "dumbfounded" by the allegations against Mr Clegg.

Mr Clegg's family holds 15 per cent of the shares of Anglo-Irish, which in its 1990 annual report recorded trading assets of I£759m (£704m) and a pre-tax profit of I£6.5m. The shares are believed to be held through a family trust controlled by Mr Clegg and several nominees.

The Clegg family first took a stake in Anglo-Irish in 1986 and have consistently followed the rights issues since, maintaining an approximately 5 per cent share.

Mr Clegg was brought on to the board in 1988 as a non-executive director because "the bank needed young, bright blood to know what was going on in the UK", said Mr Fitzpatrick. He was considered a good director, although more recently his contribution has apparently declined as he had dedicated more time to the development of Wace's activities in the US. Wace holds just under 1 per cent of Anglo-Irish shares directly.

Mr Clegg has been under pressure from the board for several years to reduce his combined family and Wace holding – something which Mr Fitzpatrick has made no secret of, as Anglo-Irish is seeking to increase institutional shareholdings.

However, Mr Clegg has resisted the pressure, arguing that Anglo-Irish shares have been undervalued and are good value, according to one Dublin-based market analyst.

Tim Coone

Full text of statement to the Stock Exchange

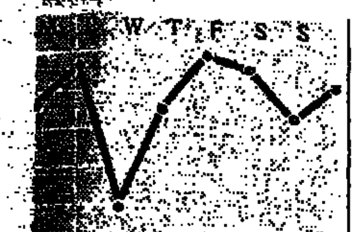
The following is the text of the statement by Wace Group made to the Stock Exchange yesterday:

"The directors of Wace announce that John Clegg today tendered his resignation as managing director of the company. This has been accepted with great regret by the board, who acknowledge the outstanding contribution made by Mr Clegg to the growth of the group over the past eight years.

"Notwithstanding the announcement made by Wace on 27 January following press speculation over the weekend, rumours have continued and Mr Clegg has decided that the interests of Wace would be best served by his resignation from the board. The directors wish to reiterate that they are not aware that the company, its investors or its directors (including Mr Clegg) have ever had any links of any sort with the IRA or any other terrorist organisation. Nor are they aware of any suggestion of any impropriety in the way in which the group is managed, or in the constitution of Wace's shareholding list.

"The directors' objective remains to maximise the group's potential to the benefit of Wace, its shareholders, customers and employees.

"A strong new management structure has recently been put in place for Wace UK, Wace Europe and Wace USA, which is well equipped to take full advantage of the opportunities open to Wace. In the short term, Mr Frans ten Bos, chairman of Wace, will assume Mr Clegg's executive responsibilities."



ECONOMIC DIARY

TODAY: Mr George Bush, US president, and Mr Boris Yeltsin, Russian president, in talks at the White House. Mr F.W. de Klerk, South African president, begins visit to Britain.

MONDAY: US construction spending (December); NAPM index (January). Non-aligned foreign ministers meet in Nicosia to discuss the future of the non-aligned movement (until February 4). European Community foreign ministers meet in Brussels. Agenda includes formal lifting of sanctions against South Africa following Denmark's decision to drop veto (until February 4). Annual banquet of the Overseas Bankers Club at the Guildhall.

TUESDAY: UK official reserves (January). Radio Authority announces applicants and value of bids for second independent national radio licence.

WEDNESDAY: Overseas travel and tourism (November). Advance energy statistics (December). Housing starts and completions (December). Details of employment, unemployment, earnings, prices and other indicators. US productivity (fourth quarter-preliminary). Mr Chaim Herzog, Israeli president, addresses Council of Europe parliamentary assembly debate on Middle East. Assembly also discusses human rights in Turkey and the conflict in Yugoslavia. Sheikh Ali Sabah al-Salem al-Sabah, Kuwait's defence minister, will travel to London to sign a defence pact with Britain. Mr Adrian Nastase, Romanian foreign minister, will visit Spain to sign a friendship treaty between the two states.

THURSDAY: Cyclical indicators for the UK economy (January—first estimate). US factory goods orders (December); factory shipments (December). Mr Boris Yeltsin pays two-day visit to France for talks expected to focus on safety of nuclear weapons and Western aid.

FRIDAY: Insolvency statistics (fourth quarter). US civilian unemployment rate (January). The European Community's treaty on political and monetary union will be signed in Maastricht. Labour local government conference in Blackpool (until Sunday).

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS — Friday January 31 1992

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Jan 30 Index No.	Wed Jan 29 Index No.	Tue Jan 28 Index No.	Year ago (approx) Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (178)	788.80	+0.3	8.61	6.09	14.86	0.52	786.71	784.87	788.65	720.57	890.04 15/3/91	675.31 16/1/91	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (23)	960.28	+0.9	7.25	6.48	18.68	0.44	951.27	954.60	959.50	988.28	1167.75 14/3/91	820.50 23/12/91	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (29)	861.15	+0.6	9.22	8.61	15.68	0.00	856.37	862.98	869.82	1110.83	1438.66 15/3/91	822.60 23/12/91	1951.50 16/7/87	71.48 2/12/74
4	Electricals (7)	2467.98	+0.2	10.01	6.08	12.57	0.00	2463.42	2465.69	2462.96	1900.12	2675.48 1/10/91	1837.98 22/1/91	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1800.19	+1.0	10.23	4.75	12.39	1.00	1782.09	1748.51	1750.85	1579.55	1958.19 15/3/91	1478.08 16/1/91	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	332.28	+0.3	16.06	7.82	7.57	0.74	331.18	331.06	334.64	388.00	469.23 9/4/91	318.78 23/12/91	502.42 13/6/90	318.78 23/12/91
7	Engineering-General (43)	492.65	-0.2	9.64	5.00	12.79	0.92	493.54	492.88	491.72	348.88	503.16 2/10/91	339.57 23/1/91	505.10 15/6/90	339.57 23/1/91
8	Metals and Metal Forming (10)	332.56	-0.2	2.10	10.44	–	0.00	333.18	331.50	330.93	405.58	509.18 3/4/91	286.87 20/12/91	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	302.13	+1.0	8.45	7.89	15.73	0.00	299.17	297.90	301.97	277.63	371.25 6/9/91	266.43 16/1/91	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (19)	1600.59	-0.4	7.52	5.12	15.83	0.69	1607.61	1607.01	1618.83	1278.44	1695.01 2/9/91	1147.76 16/1/91	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (188)	1670.88	+1.2	6.96	3.29	17.69	1.80	1650.27	1649.42	1651.70	1234.00	1670.88 31/1/92	1188.45 16/1/91	1670.88 31/1/92	61.41 13/12/74
22	Brewers and Distillers (23)	2099.97	+1.4	7.93	3.38	15.30	7.92	2070.74	2071.30	2071.71	1563.34	2099.97 31/1/92	1478.24 25/1/91	2099.97 31/1/92	69.47 13/12/74
25	Food Manufacturing (18)	1262.10	+1.2	8.54	4.02	14.46	2.11	1247.22	1244.15	1241.65	1043.22	1262.10 31/1/92	1013.60 16/1/91	1262.10 31/1/92	59.67 11/12/74
26	Food Retailing (17)	2569.60	+1.4	8.60	3.23	15.11	0.39	2533.54	2534.26	2527.99	2376.03	2854.91 2/5/91	2231.21 22/11/91	2854.91 2/5/91	54.25 11/12/74
27	Health and Household (24)	4554.36	+1.2	4.99	2.14	22.98	0.88	4498.53	4495.71	4500.08	2644.08	4654.94 14/2/92	2454.93 16/1/91	4654.94 14/1/92	175.38 28/5/80
29	Hotels and Leisure (24)	1280.06	+1.9	7.41	5.24	16.80	0.07	1256.10	1246.33	1260.67	1140.48	1405.62 2/9/91	1066.91 25/1/91	1845.77 8/9/89	54.83 9/1/75
30	Media (23)	1498.30	+0.8	6.54	3.58	19.25	1.22	1487.07	1482.60	1484.77	1212.54	1565.67 20/9/91	1166.91 16/1/91	1565.67 20/9/91	1166.91 16/1/91
31	Packaging, Paper & Printing (17)	755.96	-0.3	7.00	4.39	17.32	0.22	758.14	756.23	755.04	515.54	788.41 9/9/91	486.96 16/1/91	788.41 9/9/91	43.46 6/1/75
34	Stores (32)	1025.03	+1.3	7.21	3.52	18.36	0.23	1011.96	1016.80	1022.20	791.96	1042.47 8/11/91	766.89 29/1/91	1160.58 29/7/87	52.63 6/1/75
35	Textiles (10)	614.08	+1.2	7.48	5.04	17.06	0.00	606.62	606.97	609.12	399.14	652.30 1/11/91	396.58 28/1/91	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (115)	1221.19	+0.6	9.87	5.43	12.78	6.09	1214.14	1205.90	1208.95	1032.63	1330.48 2/10/91	961.05 16/1/91	1330.48 2/10/91	58.63 6/1/75
41	Business Services (16)	1363.82	-0.1	7.35	4.81	17.29	0.00	1365.49	1363.08	1375.89	892.28	1451.74 16/1/92	892.28 1/2/91	1451.74 16/1/92	892.28 1/2/91
42	Chemicals (21)	1488.38	+0.9	6.78	4.92	18.22	0.44	1474.77	1472.18	1475.51	1099.26	1520.52 2/9/91	1004.01 16/1/91	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1307.84	+1.3	11.09	7.75	10.97	3.11	1290.72	1271.71	1297.89	1299.59	1626.42 14/3/91	1203.24 23/12/91	1819.46 11/8/89	975.19 10/11/87
44	Transport (14)	2444.79	+1.6	5.24	4.62	25.10	2.46	2407.38	2406.85	2402.96	1822.82	2448.16 17/1/92	1730.87 23/1/91	2554.69 12/7/89	90.80 29/6/62
45	Electricity (16)	1212.68	+0.1	14.95	6.13	8.70	15.30	1210.97	1204.50	1195.66	1084.31	1286.51 2/10/91	994.96 7/1/91	1286.51 2/10/91	994.96 7/1/91
46	Telephone Networks (4)	1392.37	....	11.27	4.50	11.59	15.96	1391.61	1378.42	1385.25	1185.69	1658.67 2/10/91	1085.95 16/1/91	1658.67 2/10/91	517.92 30/11/84
47	Water (10)	2391.42	+0.4	17.85	6.65	6.17	0.00	2380.91	2361.80	2334.78	2405.21	2539.85 6/9/91	2134.83 16/1/91	2539.85 6/9/91	1820.20 1/5/90
48	Miscellaneous (23)	1845.40	+0.6	5.39	5.30	25.56	0.95	1835.21	1820.39	1818.74	1626.11	2033.42 15/8/91	1506.17 16/1/91	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (481)	1305.24	+0.9	8.14	4.44	15.36	2.88	1293.99	1290.40	1293.42	1046.96	1326.09 6/9/91	991.97 16/1/91	1326.09 6/9/91	59.01 13/12/74
51	Oil & Gas (19)	2163.83	+0.1	11.82	6.48	11.19	8.11	2162.16	2173.61	2176.19	2160.40	2509.42 23/7/91	2101.45 21/1/91	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1383.21	+0.8	8.55	4.66	14.76	3.28	1372.47	1369.89	1372.92	1140.03	1424.90 2/9/91	1092.04 16/1/91	1424.90 2/9/91	63.49 13/12/74
61	FINANCIAL GROUP (87)	732.16	+0.5	–	6.35	–	0.13	728.69	728.89	730.87	720.25	859.94 15/3/91	667.36 16/1/91	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	882.37	+1.1	4.35	6.02	46.77	0.00	873.12	873.66	877.33	773.61	990.15 6/9/91	695.08 15/1/91	990.15 6/9/91	62.44 12/12/74
65	Insurance (Life) (6)	1419.10	-0.3	–	6.02	–	0.00	1423.03	1429.45	1414.23	1329.54	1632.53 4/9/91	1220.74 16/1/91	1632.53 4/9/91	44.88 2/1/75
66	Insurance (Composite) (7)	517.27	+0.4	–	8.43	–	0.00	515.30	514.81	516.90	622.56	728.27 15/3/91	462.25 23/12/91	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	1010.12	+0.7	7.66	6.61	17.19	1.80	1003.59	1004.13	1025.53	983.09	1202.38 5/4/91	932.88 23/1/91	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	471.00	+0.1	–	4.55	–	0.00	470.37	466.85	466.19	347.31	498.05 15/11/91	327.70 16/1/91	547.59 12/10/87	31.21 7/1/75
69	Property (34)	792.56	-0.5	6.93	5.72	20.57	0.44	796.20	796.11	799.30	960.35	1087.65 15/3/91	760.62 14/1/92	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (14)	240.91	+0.3	11.07	7.42	11.39	0.00	240.18	239.72	239.64	243.26	298.63 15/3/91	225.10 23/12/91	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (68)	1186.80	+0.4	–	3.67	–	1.66	1182.59	1185.27	1194.98	979.13	1261.80 6/9/91	947.19 16/1/91	1323.81 4/1/90	71.12 13/12/74
99	ALL-SHARE INDEX (655)	1227.84	+0.7	–	4.83	–	2.56	1218.88	1217.03	1219.99	1035.41	1284.07 6/9/91	987.46 16/1/91	1284.07 6/9/91	61.92 13/12/74
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 30	Jan 29	Jan 28	Jan 27	Jan 24	Year ago				
	FT-SE 100 SHARE INDEX‡	2571.2	+20.4	2580.2	2565.6	2550.8	2546.5	2552.0	2539.9	2510.4	2165.7	2679.6 2/9/91	2054.8 16/1/91	2679.6 2/9/91	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Jan 31	Day's change %	Thu Jan 30	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (26)	121.01	-0.89	122.10	0.83	1.07
2	5-15 years (26)	134.97	-0.90	136.39	0.58	1.97
3	Over 15 years (8)	146.36	-0.86	147.64	1.56	0.00
4	Irredeemables (6)	161.82	-0.64	162.86	1.32	0.00
5	All stocks (66)	133.13	-0.89	134.42	0.77	1.47
	Index-Linked					
6	Up to 5 years (2)	168.68	-0.20	169.02	0.94	0.00
7	Over 5 years (9)	149.03	-0.32	149.51	0.14	0.63
8	All stocks (11)	150.61	-0.30	151.07	0.25	0.54
9	Debs & Loans (62)	117.72	+0.18	117.50	2.81	0.40

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 31	Thu Jan 30	Year ago (approx.)	1991/92 High	1991/92 Low
	British Government						
1	Low	5 years	8.66	8.71	9.76	10.14 16/1/91	8.42 12/11/91
2	Coupons	15 years	9.20	9.19	9.76	10.24 2/1/91	9.18 21/1/92
3	(0%-7¾%)	20 years	9.20	9.19	9.76	10.26 2/1/91	9.18 21/1/92
4	Medium	5 years	9.54	9.50	10.52	11.15 2/1/91	9.50 29/1/92
5	Coupons	15 years	9.30	9.28	10.01	10.62 2/1/91	9.26 20/1/92
6	(8%-10¾%)	20 years	9.24	9.23	9.90	10.50 2/1/91	9.20 20/1/92
7	High	5 years	9.81	9.73	10.65	11.25 2/1/91	9.73 30/1/92
8	Coupons	15 years	9.39	9.36	10.14	10.80 2/1/91	9.34 20/1/92
9	(11%-)	20 years	9.31	9.29	9.96	10.67 2/1/91	9.26 21/1/92
10	Irredeemables†		9.41	9.41	10.00	10.46 2/1/91	9.39 21/1/92
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.77	3.89	3.76	4.48 15/7/91	3.59 18/1/91
12	Inflation rate 5%	Over 5 yrs.	4.25	4.28	4.14	4.45 31/12/91	4.09 18/2/91
13	Inflation rate 10%	Up to 5 yrs.	3.03	3.23	2.40	3.60 9/7/91	2.13 21/2/91
14	Inflation rate 10%	Over 5 yrs.	4.05	4.10	3.96	4.27 31/12/91	3.90 12/4/91
15	Debs &	5 years	10.95	11.01	12.59	12.63 9/1/91	10.95 31/1/92
16	Loans	15 years	10.75	10.78	12.21	12.38 18/1/91	10.75 31/1/92
17		25 years	10.59	10.61	11.88	12.16 18/1/91	10.59 31/1/92

‡Opening index 2568.4; 9 am 2565.7; 10 am 2569.7; 11 am 2568.4; Noon 2578.4; 1 pm 2578.1; 2 pm 2577.4; 2.30 pm 2578.8; 3 pm 2578.2; 4.10 pm 2571.6; (a) 3.13pm (b) 9.06am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991.

LONDON TRADED OPTIONS

[illegible]

*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7½	**OILS**	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	3	Courtaulds	39	Lex Service	18	TI	48	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonhro	20	Tesco	17	Conroy Pet	7½
BOC	48	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	33	GEC	15	P & O Dfd	34	Wellcome	75	**MINES**	
Bowater	55	Glaxo	70	Racal Elect	4½	**PROPERTY**		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	90	Reed Intl	40	Mountleigh	2½		

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

½ hour period ending	Provisional Prices for Trading on 01.02.92: Pool purchase price £/MWh	Final Prices for Trading on 01.02.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.16	17.23	17.23
0100	17.47	21.13	23.00
0130	21.32	21.13	23.00
0200	21.32	21.13	22.99
0230	[illegible]	[illegible]	22.97
0300	[illegible]	[illegible]	20.59
0330	[illegible]	[illegible]	20.59
0400	[illegible]	[illegible]	17.19
0430	[illegible]	[illegible]	17.15
0500	[illegible]	[illegible]	17.12
0530	[illegible]	[illegible]	17.10
0600	[illegible]	[illegible]	17.10
0630	[illegible]	[illegible]	17.10
0700	[illegible]	[illegible]	17.10
0730	[illegible]	[illegible]	17.11
0800	[illegible]	[illegible]	17.11
0830	[illegible]	[illegible]	17.15
0900	[illegible]	[illegible]	20.93
0930	[illegible]	[illegible]	20.68
1000	[illegible]	[illegible]	21.33
1030	[illegible]	21.13	23.02
1100	20.93	21.89	23.81
1130	20.14	21.89	23.81
1200	20.04	21.13	23.02
1230	19.53	19.50	21.53
1300	18.82	19.11	20.91
1330	17.16	17.16	17.15
1400	17.14	17.13	17.13
1430	17.13	17.13	17.13
1500	17.12	17.12	17.12
1530	17.12	17.12	17.12
1600	17.12	17.18	17.18
1630	17.14	18.11	20.90
1700	18.70	20.79	22.63
1730	26.87	22.70	24.58
1800	28.87	28.43	28.42
1830	28.87	28.43	28.41
1900	24.89	22.85	24.82
1930	22.10	21.48	23.32
2000	20.39	20.79	22.62
2030	19.35	20.21	22.03
2100	17.18	18.50	21.30
2130	17.14	19.50	21.30
2200	17.13	18.89	20.64
2230	17.12	17.15	17.15
2300	17.06	17.11	17.11
2330	17.04	17.10	17.10
2400	17.04	17.09	17.09

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

NOTICE TO NOTEHOLDERS

THE TORONTO-DOMINION BANK
JAPANESE YEN 5,000,000,000 71/8%
NIKKEI STOCK AVERAGE DEPOSIT NOTES DUE MARCH 16TH 1994.

NOTICE IS HEREBY GIVEN THAT PURSUANT TO CLAUSE 5c OF THE NOTES, THE BANK WILL REDEEM ALL OF THE NOTES FOR THE ABOVE ISSUE ON MARCH 16th 1992.

THE TORONTO-DOMINION BANK
LONDON
PRINCIPAL PAYING AGENT

PERSONAL

LEGAL NOTICES

No. 0013930 of 1991
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF FIVE OAKS INVESTMENTS PLC
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 13th December 1991 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above named Company by £1,283,757.

AND NOTICE is further given that the said Petition is directed to be heard before the Honourable Mr Justice Mummery at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 10th day of February 1992.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the Regulated Charge for the same.

Dated this 1st February 1992

Clifford Chance
Royex House,
Aldermanbury Square
London EC2V 7LD

Ref: KO

Solicitors for the Company

No. 00530 of 1992
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF NEWCASTLE AND GATESHEAD WATER plc

- and -

IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that, by an Order dated the 23rd day of January 1992 made in the above matters, the Court has directed separate meetings of (i) the Ordinary Shares of £1 each of the above named Company (other than those shares owned by Lyonnaise UK plc; (ii) its Ordinary Shares of 1p each (other than those shares owned by Lyonnaise UK plc; (iii) its 4% Consolidated Debenture Stock; (iv) its 5% Consolidated Debenture Stock; (v) its 8% Redeemable Debenture Stock 1992/94; (vi) its 10% Redeemable Debenture Stock 1992/94; and (vii) its 11.5% Redeemable Debenture Stock 2004, to be convened for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of its said shares its 7% Redeemable Preference Shares 1994/96 and debenture stock respectively. Such Meetings will be held at the Company's offices at Allendale Road, Newcastle-upon-Tyne NE6 2SW on Thursday 27th February 1992 at the respective times mentioned below or so soon thereafter as the preceding Meeting shall have concluded or have been adjourned:-

(i) the Meeting of the holders of the Ordinary Shares of £1 each at 10.00 a.m.;
(ii) the Meeting of the holders of the Ordinary Shares of 1p each at 10.10 a.m.;
(iii) the Meeting of the holders of the 4% Consolidated Debenture Stock at 10.20 a.m.;
(iv) the Meeting of the holders of the 5% Consolidated Debenture Stock at 10.30 a.m.;
(v) the Meeting of the holders of the 8% Redeemable Debenture Stock at 10.40 a.m.;
(vi) the Meeting of the holders of the 10% Redeemable Debenture Stock at 10.50 a.m.; and
(vii) the Meeting of the holders of the 11.5% Redeemable Debenture Stock at 11.00 a.m.

at which place and respective times all the aforesaid shareholders and debenture stockholders are requested to attend.

Any person entitled to attend the said Meetings can obtain copies of the said Scheme of Arrangement, forms of proxy and copies of the statement required to be furnished pursuant to Section 426 of the above mentioned Act at the registered office of the Company situated at Allendale Road, Newcastle-upon-Tyne NE6 2SW and at the offices of the undermentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday or a Sunday) prior to the day appointed for the said Meeting.

It is requested that forms appointing proxies be lodged with the Secretary at the registered office of the Company at Allendale Road, Newcastle-upon-Tyne NE6 2SW not less than 48 hours before the time appointed for the said Meetings, but if forms are not so lodged they must be handed to the Chairman at the Meetings at which they are to be used.

In the case of joint holders of shares of debenture stock the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of Members or the register of Debenture Stockholders.

By the said Order the Court has appointed The Lord Elliott of Morpeth, or failing him Simon David Gray, to act as Chairman of the said Meetings and to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Dated the 1st day of February 1992

CLIFFORD CHANCE
Royex House
Aldermanbury Square
London EC2V 7LD

Solicitors to the Company

No. 00531 of 1992
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF SUNDERLAND AND SOUTH SHIELDS WATER plc

- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that, by an Order dated the 23rd day of January 1992 made in the above matters, the Court has directed separate meetings of (i) the 3.5% per cent Perpetual Debenture Stock of the above named Company; (ii) its 7.5% Redeemable Debenture Stock 1991/93; (iii) its 7.75% Redeemable Debenture Stock 1992/94; (iv) its 9.8% Redeemable Debenture Stock 1996; (v) its 10% Redeemable Debenture Stock 1992/94; (vi) its 11.5% Redeemable Debenture Stock 2005; and (vii) its 11.8% Redeemable Debenture Stock 1995/97 to be convened for the purpose of considering and if thought fit approving (with or without modification) a Scheme of Arrangement proposed to be made between the Company and the holders of its debenture stocks. Such Meetings will be held at the Company's offices at Allendale Road, Newcastle-upon-Tyne NE6 2SW on Thursday 27th February 1992 at the respective times mentioned below or so soon thereafter as the preceding Meeting shall have concluded or have been adjourned:-

(i) the Meeting of the holders of 3.5% Perpetual Debenture Stock at 11.20 a.m.;
(ii) the Meeting of the holders of the 7.5% per cent Redeemable Debenture Stock 1991/93 11.30 a.m.;
(iii) the Meeting of the holders of the 7.75% per cent Redeemable Debenture Stock 1992/94 at 11.40 a.m.;
(iv) the Meeting of the holders of the 9.8% per cent Redeemable Debenture Stock 1996 at 11.50 a.m.;
(v) the Meeting of the holders of the 10% per cent Redeemable Debenture Stock 1992/94 at 12.00 noon;
(vi) the Meeting of the holders of the 11.5% Redeemable Debenture Stock 2005 at 12.10 p.m.; and
(vii) the Meeting of the holders of the 11.8% Redeemable Debenture Stock 1995/97 at 12.20 p.m.

at which place and respective times all the aforesaid shareholders and debenture stockholders are requested to attend.

Any person entitled to attend the said Meetings can obtain copies of the said Scheme of Arrangement, forms of proxy and copies of the statement required to be furnished pursuant to Section 426 of the above mentioned Act at the registered office of the Company situated at Allendale Road, Newcastle-upon-Tyne NE6 2SW and at the offices of the undermentioned Solicitors at the address mentioned below during usual business hours on any day (other than a Saturday or a Sunday) prior to the day appointed for the said Meetings

It is requested that forms appointing proxies be lodged with the Secretary at the registered office of the Company at Allendale Road, Newcastle-upon-Tyne NE6 2SW not less than 48 hours before the time appointed for the said Meetings, but if forms are not so lodged they must be handed to the Chairman at the Meetings at which they are to be used

In the case of joint holders of shares of debenture stock the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of Debenture Stockholders or the register of Debenture Stockholders.

By the said Order the Court has appointed The Lord Elliott of Morpeth, or failing him Simon David Gray, to act as Chairman of the said Meetings and to report the results thereof to the Court.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.
Dated the 1st day of February 1992
CLIFFORD CHANCE
Royex House
Aldermanbury Square
London EC2V 7LD
Ref: RWC/L1052/00302/SGFB
Solicitors to the Company

INTERNATIONAL COMPANIES AND FINANCE

Crédit Lyonnais considers acquisition of BfG stake

By William Dawkins in Paris

CREDIT LYONNAIS, the French state-owned bank, is studying the possible acquisition of a stake in BfG Bank, the troubled banking subsidiary of Aachener und Münchener Beteiligungs (AMB), the Germany insurance group.

The move, suggested by AMB, could pave the way for a compromise in AMB's power struggle with Assurances Générales de France (AGF), the state-owned insurer.

AGF has, over the past 18 months, built up a 25 per cent stake in AMB in the hope of striking a co-operation deal to improve its access to the German market. But the German group has, until now, been unwilling be courted.

AMB has not allowed AGF to take up its full voting rights, instead pursuing an alternative alliance with Fondiaria of Italy and Royal Insurance of the UK. Currently, AGF has only 9 per cent of the votes at AMB.

The German insurer hinted yesterday that relations with AGF were unfreezing. "We have offered AGF a joint solution on BfG. AGF has announced an offer for BfG from Crédit Lyonnais and we would assess such an offer thoroughly," said Mr Peter Matthiessen, AMB spokesman.

AMB was seeking the French insurer's mediation in selling a stake in the bank subsidiary to Crédit Lyonnais, he said.

A formal Crédit Lyonnais offer, possibly for 30 per cent of BfG's equity, has yet to be tabled, and the French bank said yesterday it was just starting to study the proposal.

BfG is 51 per cent owned by the German insurer, with the balance held by a German trade union holding company. They have had to make two large capital injections to cover provisions for unsound sovereign debts.

SocGen confident of recovery

By Alice Rawsthorn in Paris

SOCIETE Générale, one of France's largest private sector banks, expects to see a recovery in gross operating profits to around FFr10bn ($1.84bn) in 1991, after a fall in profits during the previous year.

The news of Société Générale's anticipated recovery came only a day after Paribas, another prominent French bank, warned that it had fallen into a loss – of FFr200m – last year for the first time in its history.

Both Moody's and Standard & Poor's, the US credit rating agencies, have put Paribas under surveillance to decide whether to reduce its rating.

The projected increase in Sociéte Générale's profits represents a marked improvement on its performance in 1990, when net profits fell by 25 per cent to FFr2.7bn after it was forced to increase provisions for bad debts and securities.

Mr Marc Vienot, president, speaking at a shareholders meeting in Paris, yesterday refused to disclose the likely level of 1991's net attributable profits. He said only that they *"would not be poor"*.

In the first half of 1991, net profits rose to FFr1.83bn from FFr1.41bn in the year-ago period. Mr Vienot said although first-half results were usually stronger than those of the second, last year the performance in the second half had been stronger than in the past.

Société Générale increased its lending by 13.4 per cent last year, with business loans showing particularly strong growth of 18 per cent. However, demand for new credit was poor because of the low level of French interest rates.

The group cut back on country risk provisions last year, after reducing its exposure by 10 per cent from 1990. It was forced to increase provisions for commercial debt in 1991, *but managed to reclaim part of* the FFr1.2bn set aside in provisions for its share portfolio.

● The French stock market authorities have criticised the share sale agreement between Pinault, the timber and retailing group, and the Maus family, the main shareholders in the Au Printemps retail group for which Pinault has made a FFr5.3bn two-thirds bid. The Commission des Opérations de Bourse said the agreement was not fair to Au Printemps' minority shareholders.

General Dynamics prepares for defence cuts

By Martin Dickson

GENERAL Dynamics, the second largest US defence contractor, has reported fourth-quarter net earnings of $166m, compared with a $530m net loss after special charges a year ago. It said the defence spending cutbacks proposed this week by President Bush would reduce its year-end backlog of orders by less than 4 per cent.

Nevertheless, General Dynamics, in common with all US defence contractors, is being hit by the sharp reduction in US weapons procurement. Its chairman, Mr William Anders, has adopted a particularly aggressive strategy to cope with the problem.

This includes concentration on its core defence operations; selling off peripheral activities, such as Cessna, its business aircraft subsidiary; and returning the excess cash generated by this to shareholders. General Dynamics recently agreed to sell Cessna to industrial group, Textron, for $600m in cash.

Yesterday's $166m, or $3.95-a-share, fourth-quarter earnings included Cessna, and for 1991 as a whole the company made $505m, or $12.06 a share. Excluding Cessna, the company reported fourth-quarter earnings of $66m, or $1.56 a share, on sales of $2.3bn, and 1991 earnings from continuing operations of $374m, or $8.93 a share, on sales of $8.8bn. The full-year figure included a $140m tax gain.

The fourth-quarter loss in 1990 included $567m in special after-tax charges, and for 1990 as a whole the company reported a net loss of $578m after $881m of charges.

Mr Anders said cash generation in 1991 had been better than expected. The company had ended the year with balances of more than $800m. It now intended to call in two debt issues: the 7¼ notes due 1993 and the 9 per cent debentures due 2016. This would reduce debt by some $350m in the first quarter of 1992.

TWA files for Chapter 11 revamp

By Martin Dickson in New York

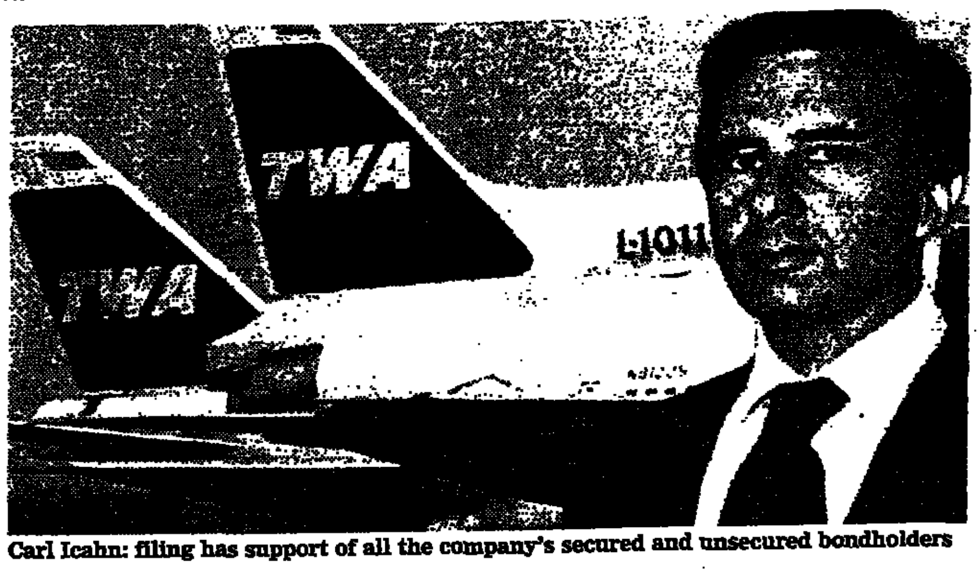
TRANS WORLD Airlines, the heavily-indebted US carrier controlled by Mr Carl Icahn, announced yesterday it had reached an agreement with its creditors which could allow it to rapidly restructure its finances under the protection of the US bankruptcy court.

The pact, which involves Mr Icahn relinquishing majority ownership of the business, yesterday prompted TWA to file a "pre-planned" Chapter 11 bankruptcy reorganisation.

This is a subtle variant on a "pre-packaged" bankruptcy, which involves a company entering Chapter 11 after first obtaining the agreement of most of its creditors for a debt-restructuring plan. This plan is then imposed on other creditors, allowing a company to emerge rapidly from bankruptcy, rather than spending years languishing under the control of the courts. TWA said it hoped to emerge in six months or less.

TWA, the seventh largest US carrier, announced a comprehensive restructuring plan last July. It said then it intended to file a pre-packaged Chapter 11, probably early this year.

Mr Icahn said yesterday's filing had the support of all the company's secured and unsecured bondholders. TWA had also reached agreement in principle with the machinists' union, representing about half its employees, on a new pay-for-productivity labour contract.



Carl Icahn: filing has support of all the company's secured and unsecured bondholders

TWA's debt problems stem from 1988, when Mr Icahn, who acquired control of the business in the mid-1980s, borrowed heavily to take the business private.

It is the sixth of America's 12 largest airlines to file for Chapter 11 protection over the past year or so as a weak economy, high fuel prices, and a battle for market share have forced consolidation on the sector. Three of those six airlines – Eastern, Midway and Pan Am – are now defunct. Yesterday's plan envisages the elimination of $1bn of TWA's roughly $1.6bn of debt, with control of its equity passing to creditors. Mr Icahn would end up with between 15 and 40 per cent of the equity.

TWA said it had about $500m in cash and was also arranging $200m of debtor-in-possession financing – loans to bankrupt companies which rank first in the queue for repayment.

Mr Icahn said having these funds would be "more than adequate to enable us to continue to conduct our normal operations and should ensure the successful completion of our reorganisation". TWA stressed that the filing would not affect its normal business.

However, the filing still leaves a question mark over the long-term future of the company, which had an operating deficit of $257.7m in the first nine months of last year, and faces ferocious competition from the better-capitalised Big Three of the US airline industry: American, United and Delta.

Mr Icahn said TWA would probably continue working towards a merger with another airline. He said it was continuing talks with Continental Airlines, which is also in Chapter 11, though these discussions were on the back burner.

Tampella slides further into red

By Robert Taylor in Stockholm

TAMPELLA, the troubled Finnish forestry and engineering group owned by the Bank of Finland, has reported a sharp deterioration in its financial performance, with a FM1.3bn ($298m) loss after financial items for 1991, compared with a FM600m deficit in 1990.

Sales increased by 5 per cent, to around FM7.2bn from FM6.8bn. The result would have been worse but for a FM1.5bn loan write-off. A FM530m increase in capital after the Bank of Finland took control also helped to improve the company's balance sheet.

Tampella believes interest costs will be cut by around FM200m in 1992 as a result of the measures taken to restructure operations. The 10,239-strong workforce is to be reduced by 1,473.

Tampella said shareholders' equity and reserves at the end of last year totalled FM1.7bn. The solvency ratio was about 18 per cent.

The company was saved by the Bank of Finland as part of the rescue of the country's main savings bank, SkopBank, last autumn. The bank's credit loss troubles were mainly caused by the outstanding debts accumulated by Tampella on loans totalling FM1.5bn.

Tampella said although the recession in Finland appeared to have bottomed out, demand in the company's main markets would remain sluggish throughout this year. It said the recovery measures taken would lead to an improvement in performance and a considerable cut in losses.

Sweden moves to negotiate Procordia deal

By Robert Taylor

THE SWEDISH government has appointed a two-man team to negotiate with Volvo over the future of Procordia, the country's food and pharmaceuticals company in which the state and Volvo are the main joint owners.

These are Mr Johan Gernandt, the solicitor responsible for the recent liquidation of Sweden's state holding company, Fortia, and Mr Tony Hagstrom, the general director of the country's telecommunications utility, Televerket.

This follows the government's rejection of the proposed SKr38.7bn ($6.6bn) deal to merge Procordia with Volvo. Despite an angry public exchange of letters on Thursday, Volvo's executive chairman, Mr Pehr Gyllenhammar, and Sweden's prime minister, Mr Carl Bildt, seem keen to reach a settlement over Procordia as soon as possible.

Procordia is going ahead with a restructuring plan to make its organisation better focused to meet market demands in Europe.

WestLB buys Brussels-based specialist bank

By David Waller in Frankfurt

WESTDEUTSCHE Landesbank, the large regional public sector bank based in Düsseldorf, has bought the capital of the Banque Européenne pour L'Amérique Latine (Beal), a Brussels-based bank specialising in Latin American corporate business.

The vendors are the Belgian Générale Bank and ABN Amro Bank of Amsterdam. No purchase price was disclosed.

WestLB said the acquisition would bolster its international network and bring synergies for its customers elsewhere in the world.

Beal, with 720 employees at the end of last year, has branches in Argentina, Brazil and Uruguay, and representative offices in four other countries in the region.

Westpac chairman acts to calm angry investors

By Bruce Jacques in Sydney

WESTPAC Banking Corporation had achieved "encouraging" operating results for the 1991-92 first quarter, chairman, Sir Eric Neal, told a long and, at times, fiery annual meeting in Sydney yesterday.

Facing a barrage of questions from shareholders dissatisfied with the bank's performance, Sir Eric said an uncertain economic outlook precluded more specific profit predictions.

However, he expected the group's troubled finance arm, Australian Guarantee Corporation, to perform this year in line with the year ended September, 1991, when it made a loss of about A$220m (US$164m).

"Westpac has already taken the hard decisions affecting its operations," Sir Eric said. "This will allow the bank to focus on better business opportunities and to build upon its inherent market strengths."

"Despite the continuing poor economic conditions, Westpac's operating results for the first quarter of 1991-92 are encouraging and, if sustained, offer tangible proof that the worst is behind us."

Sir Eric received some much-needed public support from Australia's biggest investor, the AMP Society, whose managing director, Mr Ian Salmon, told the meeting the society would immediately purchase 74m Westpac shares.

Mr Salmon said the purchase would cost about A$300m. It followed Thursday night's approval from Federal Treasurer (chancellor), Mr John Dawkins, of a long-standing request for the AMP to lift its Westpac stake from 10 to 15 per cent.

Perstorp tumbles 60% to SKr67m

PERSTORP, the Swedish speciality chemicals and plastics group, made a profit after financial items of only SKr67m ($11.4m) in the last quarter of 1991, a drop of 60 per cent from the SKr166m for the same months in 1990, writes *Robert Taylor.*

Group sales were up 5 per cent, to SKr2.38bn from SKr2.26bn in the September-December period of 1990. This, however, was mainly due to acquisitions.

Degussa slices payout after heavy fall

By Andrew Fisher in Frankfurt

DEGUSSA, the German metals, chemicals, and pharmaceuticals concern, yesterday announced a sharp cut in dividend after a steep fall in profits last year.

The company, which has *embarked on an extensive* restructuring and cost-cutting programme, said it would be paying shareholders only DM7 a share instead of the DM11 distributed previously.

Group net income dropped by 33 per cent, to DM99m ($62m), in the year ended September 1991, with earnings per share tumbling to DM12 from DM25.50.

Several other German industrial companies, especially *those involved with export* markets, have recently announced lower profits, dividend reductions, and job cuts.

Degussa said in December its pre-tax profits were 44 per cent lower at DM179m.

It blamed the world economic slowdown for the deterioration, and said an expected improvement in the second half of the year had failed to occur. Instead, business took a turn for the worse in the *summer.*

Turnover was only 4 per cent lower at DM13.4bn. However, like the previous year, precious metals turnover – down by 13 per cent to DM3.8bn – was excluded.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$355.40	+0.75	$365.65	$403.25	$345.25
Silver Per troy oz	231.70p	-4.2	197.30p	280.55p	183.35p
Aluminium 99.7% (cash)	$1221.5	-28	$1468	$1570	$1082.5
Copper Grade A (cash)	£1220.5	+26.5	£1207	£1472	£1147.0
Lead(cash)	£283.5	+1.5	£296	£382.5	£281.50
Nickel (cash)	$7665	-200	$8590	$9237.5	$7090.0
Zinc SHG (cash)	$1159	-23.5	$1177.5	$1430	$990.25
Tin (cash)	$5482.5	+37.5	$5545	$5915	$5425.0
Cocoa Futures (May)	£756	-3	£652	£829	£596
Coffee Futures (Mar)	£505	-61	£528	£619	£487
Sugar (LDP Raw)	$204.6	-8.8	$219.5	$293	$194
Barley Futures (May)	£122.15	+2.65	£116.20	£122.95	£107.75
Wheat Futures (Mar)	£127.20	-0.4	£126.20	£141.10	£111.80
Cotton Outlook A Index	56.95	-1.6	84.25c	86.25c	56.95c
Wool (64s Super)	411p	nc	408p	421p	329p
Oil (Brent Blend)	$18.125x	nc	$20.125	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. x-Mar.

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.20-5.30q	+0.05
Brent Blend (dated)	$18.25-8.35	+.125
Brent Blend (Mar)	$18.10-8.15	+0.10
W.T.I. (1 pm est)	$18.85-8.90	+0.05
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$200-202	
Gas Oil	$174-175	+1
Heavy Fuel Oil	$65-68	+2
Naphtha	$182-184	+1.5

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$355.40	-0.75
Silver (per troy oz)♣	416.0c	-4.0
Platinum (per troy oz)	$348.25	-2.0
Palladium (per troy oz)	$86.50	
Copper (US Producer)	102.84c	-0.03
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.81r	+0.04
Tin (New York)	255.25c	+1.75
Zinc (US Prime Western)	62c	
Cattle (live weight)†	N/A	
Sheep (live weight)†♣	N/A	
Pigs (live weight)†	N/A	
London daily sugar (raw)	$204.6y	-4.6
London daily sugar (white)	$267.0y	-1.5
Tate and Lyle export price	£222.0	-2.0
Barley (English feed)	£123z	
Maize (US No. 3 yellow)	£147z	
Wheat (US Dark Northern)	Unq.	
Rubber (Mar)♥	80.25p	
Rubber (Apr)♥	80.50p	
Rubber (KL RSS No 1 Feb)	214.5m	-1.5
Coconut oil (Philippines)§	$747.5y	-5.0
Palm Oil (Malaysian)§	$382.5q	
Copra (Philippines)§	$490x	
Soyabeans (US)	£146.5	
Cotton "A" index	56.95c	
Wooltops (64s Super)	411p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Feb. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	179.20	183.00	182.80 178.60
May	179.20	183.80	182.80 176.60
Aug	182.00	186.00	184.40 182.00
Oct	180.00		182.80 180.00
White	**Close**	**Previous**	**High/Low**
Mar	261.5	263.9	263.0 258.5
May	266.0	267.9	267.5 262.5
Aug	269.4	271.9	271.0 266.5
Oct	256.0	260.9	260.0 255.0
Dec	259.5	262.4	261.0

Turnover: Raw 1002 (369) lots of 50 tonnes. White 2465 (570)
Paris- White (FFr per tonne): Mar 1435.90, May 1464.67

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Mar	18.15	18.14	18.23 18.03
Apr	18.03	18.03	18.13 17.95
May	17.92	17.92	17.97 17.88
Jun	17.85	17.86	17.92 17.85
Jul	18.00	17.85	18.00
IPE Index	18.10	18.16	

Turnover 12000 (16777)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Feb	172.25	169.00	172.50 168.50
Mar	169.00	167.00	169.25 167.00
Apr	165.50	163.25	166.50 165.50
May	164.50	163.50	165.25 163.50
Jun	165.50	165.00	166.00 165.00
Jul	167.50	166.25	167.50 165.25
Aug	170.00	168.25	170.00 168.25
Sep	172.00	170.25	172.00 170.50
Oct	174.00	172.25	174.00 172.00

Turnover 11410 (11630) lots of 100 tonnes

SPICES
Pepper market has picked up, reports Man-producten. Black pepper firmer on fewer offers from Brazil at higher prices and limited material offered by other origins. Spot traded at US$1,275 to $1,300 a tonne, Jan/Feb shipment at $1,175 cif. White pepper, on the contrary, tended weaker on falling demand, ample supplies in origin and increased selling pressure. Spot about $1,350 and Jan/Feb shipment at $1,275 cif.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	727	732	736 725
May	756	760	763 755
Jul	781	786	790 781
Sep	803	809	812 803
Dec	835	840	842 836
Mar	863	870	871 862

Turnover: 2950 (4099) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan.30 908.82 (905.30) 10 day average for Jan.31 911.97 (913.39)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low
Mar	902	911	921 893
May	906	911	919 899
Jul	926	923	935 918
Sep	950	943	952 940
Nov	960	959	960

Turnover:3297 (5928) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan. 30: Comp. daily 58.15 (57.87) 15 day average 61.03 (61.35)
Sterling close: January £503 , March £505

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	119.3	118.0	119.5 118.0
May	137.5	136.5	137.2 136.5

Turnover 82 (212) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	130.00		130.00 129.50

Turnover 30 (25) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Feb	1440	1471	1460 1435
Mar	1490	1510	1505 1480
Apr	1503	1527	1515 1500
Jul	1278	1310	1290 1275
BFI	1430	1440	

Turnover 328 (211)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
Mar	127.20	127.50	127.50 127.25
May	130.60	131.00	130.75
Jun	132.30		132.50
Sep	111.95	111.95	111.75
Barley	**Close**	**Previous**	**High/Low**
May	122.15	122.10	122.25

Turnover: Wheat 59 (118), Barley 6 (0).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	122.2	120.5	122.0 120.5
Mar	120.0	119.0	119.5 119.0
Apr	117.2	117.0	117.0
May	116.0	115.8	115.8 115.5
Jun	113.5	113.5	113.5 113.0
Jul	108.0		108.0
Aug	106.5	107.0	106.0
Sep	107.0	107.0	106.0

Turnover:187 (122) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 28,522 lots
Cash	1121-2	1234.5-5.5		1222-3		
3 months	1246-7	1259-60	1258/1235	1247-8	1245-6	137,167 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,098 lots
Cash	1220-1	1222-4	1236	1235-6		
3 months	1244-4.5	1246-7	1258.5/1243	1258-9	1242-3	119,331 lots
Lead (£ per tonne)						Total daily turnover 2,192 lots
Cash	283-4	282.5-3.5		281.5-2		
3 months	294-5	294-5	294/293.5	293.25-3.5	293.5-4.5	16,969 lots
Nickel ($ per tonne)						Total daily turnover 3,662 lots
Cash	7660-70	7660-70	7680	7680-5		
3 months	7735-40	7735-40	7755/7720	7757-60	7730-5	21,383 lots
Tin ($ per tonne)						Total daily turnover 1,073 lots
Cash	5480-5	5460-70	5493	5492-3		
3 months	5536-7	5520-30	5600/5530	5540-5	5574-5	5,070 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 9,436 lots
Cash	1158-60	1149-51	1161/1160.5	1160-1		
3 months	1145.5-6.5	1144-4.5	1152/1143	1149-50	1145-6	44,514 lots

LME Closing £/$ rate: SPOT: 1.7895 3 months: 1.7631 6 months: 1.7427 9 months: 1.7192

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	355.15-355.65	
Opening	353.75-354.25	
Morning fix	354.15	198.570
Afternoon fix	354.10	198.153
Day's high	355.30-355.60	
Day's low	352.60-352.90	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	3.36	6 months	3.34
2 months	3.36	12 months	3.34
3 months	3.36		

Silver fix	p/fine oz	US cts equiv
Spot	231.70	413.10
3 months	237.70	417.00
6 months	243.45	421.35
12 months	255.00	431.15

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	354.00-355.00	198.25-198.75
Maple leaf	365.00-366.00	204.50-205.00
New Sovereign	87.00-88.00	48.75-49.25

TRADED OPTIONS

Coffee	Mar	Mar
450	55	
500	15	10
550	1	48

Cocoa	Mar	May	Mar	May
700	62	66	6	10
725	17	49	16	18
750	80	35	32	29

Brent Crude	Mar	Apr	Mar	Apr
1750			7	44
1800	32	66	21	59
1850	14	38		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	357.0	355.4	358.8	352.8
Mar	357.8	354.5	0	0
Apr	358.9	356.3	361.3	354.6
Jun	361.0	357.7	363.5	356.5
Aug	363.2	359.9	363.5	361.4
Oct	365.5	362.0	0	0
Dec	367.8	364.3	369.8	364.4
Apr	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	357.5	349.7	359.0	348.0
Jul	359.0	347.7	357.5	345.5
Oct	357.0	348.7	0	0
Jan	357.0	348.7	349.0	349.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	418.7	413.1	0	0
Mar	418.2	414.5	421.5	411.0
Apr	419.5	0	0	0
May	421.1	417.6	424.5	414.0
Jul	424.1	420.8	428.5	418.0
Sep	427.0	424.2	428.5	421.0
Dec	433.8	428.5	436.0	428.0
Jan	433.2	431.7	0	0
Mar	438.0	435.1	0	0
May	443.6	440.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	98.15	98.60	98.80	98.00
Mar	98.25	98.60	99.40	98.40
Apr	98.45	98.85	0	0
May	98.35	98.75	99.20	98.30
Jun	98.40	98.75	0	0
Jul	98.25	98.65	99.00	98.25
Aug	98.35	98.75	0	0
Sep	98.40	98.80	99.00	98.50
Oct	98.45	98.80	0	0
Nov	98.50	98.90	99.00	98.80

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	18.87	18.94	19.07	18.77
Apr	19.04	19.08	19.20	18.95
May	19.11	19.16	19.26	19.07
Jun	19.14	19.15	19.25	19.09
Jul	19.16	19.18	19.21	19.08
Aug	19.16	19.18	19.18	19.15
Sep	19.15	19.16	19.18	19.15
Oct	19.15	19.16	19.15	19.15
Dec	19.15	19.16	19.15	19.15

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	5256	5214	5270	5190
Mar	5320	5290	5340	5275
Apr	5280	5261	5300	5260
Jun	5240	5202	5240	5210
Jul	5255	5224	5265	5245
Aug	5340	5289	5340	5315
Sep	5480	5419	5480	5480
Oct	5570	5524	5570	5560

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1177	1204	1210	1175
May	1216	1238	1245	1214
Jul	1251	1275	1281	1250
Sep	1281	1305	1307	1281
Dec	1315	1342	1345	1303
Mar	1347	1374	0	0
May	1365	1395	0	0
Jul	1386	1415	1410	1410
Sep	1418	1445	0	0
Dec	1448	1475	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	72.15	74.80	74.80	72.15
May	75.35	77.40	77.60	75.20
Jul	78.20	80.15	80.10	78.00
Sep	81.05	83.05	82.80	80.60
Dec	85.05	86.65	86.00	84.50
Mar	88.85	89.85	88.50	88.00
May	90.90	92.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.18	8.33	8.24	7.96
May	8.18	8.40	8.31	8.05
Jul	8.22	8.40	8.34	8.13
Oct	8.27	8.42	8.37	8.18
Mar	8.34	8.44	8.40	8.26
May	8.39	8.48	8.39	8.39

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	53.08	53.58	54.35	53.04
May	55.03	55.78	56.20	55.00
Jul	56.97	57.44	57.85	56.96
Oct	58.97	59.30	59.50	58.90
Dec	59.78	60.12	60.20	59.60
Mar	60.95	61.25	61.35	60.85
May	61.95	61.40	61.37	61.37
Jul	63.50	62.65	63.00	63.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	143.30	143.25	143.90	141.50
May	143.40	143.00	144.50	142.00
Jul	143.40	142.75	143.75	142.25
Sep	140.00	140.00	141.00	140.00
Nov	133.50	131.75	133.75	133.50
Jan	133.00	131.65	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan.31	Jan.30	mnth ago	yr ago
1581.6	1588.2	1591.2	1688.5

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan.30	Jan.29	mnth ago	yr ago
Spot	116.80	118.44	112.56	122.00
Futures	122.76	123.44	120.37	124.93

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	572/0	572/6	576/4	570/0
May	577/4	578/6	582/0	575/4
Jul	585/6	587/4	591/0	584/4
Aug	588/6	591/4	593/4	587/4
Sep	591/0	594/4	595/4	591/0
Nov	598/2	602/2	604/0	597/4
Jan	607/0	610/2	612/0	607/0
Mar	617/0	620/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	19.20	19.38	19.44	19.18
May	19.51	19.68	19.70	19.50
Jul	19.79	19.95	20.00	19.78
Aug	19.95	20.12	20.13	19.94
Sep	20.05	20.22	20.27	20.05
Oct	20.16	20.34	20.45	20.15
Dec	20.46	20.61	20.61	20.45
Jan	20.50	20.66	0	0
Mar	20.70	20.90	0	0
May	21.30	0	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	175.8	175.2	176.4	174.5
May	176.5	176.6	177.5	175.8
Jul	178.6	178.6	179.6	177.6
Aug	179.6	179.7	180.0	178.8
Sep	180.1	180.4	181.0	180.0
Oct	193.0	194.7	194.5	193.0
Dec	195.0	197.0	197.0	194.5
Jan	199.0	199.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	264/2	263/4	264/2	262/0
May	270/2	269/6	270/4	268/2
Jul	274/6	274/2	275/0	273/4
Sep	270/4	270/2	271/2	269/4
Dec	267/2	267/6	268/0	266/2
Mar	273/0	274/0	274/0	273/0
May	277/4	278/4	278/0	277/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	440/2	436/0	440/0	436/0
May	421/4	418/4	424/4	417/4
Jul	387/6	386/2	390/6	384/4
Sep	390/0	389/0	392/6	387/4
Dec	398/0	396/4	401/4	395/4
Mar	401/0	399/4	403/0	398/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	76.67	76.42	76.72	76.15
Apr	77.15	75.80	77.20	75.57
Jun	72.45	72.07	72.50	72.00
Aug	69.97	69.72	70.02	69.62
Oct	69.52	69.20	69.07	69.50
Dec	70.30	70.20	70.30	70.10
Feb	69.90	69.60	70.05	69.90

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	41.12	40.72	41.37	40.90
Apr	42.02	41.80	42.05	41.65
Jun	45.95	45.82	46.00	45.65
Jul	44.42	44.15	44.55	44.20
Aug	43.50	42.85	43.25	43.00
Oct	40.40	40.17	40.40	40.17
Dec	41.55	41.07	41.50	41.15
Feb	44.77	44.55	44.77	44.47

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	35.82	32.20	34.00	32.40
Mar	34.42	33.07	34.75	33.25
May	35.55	34.27	35.65	34.32
Jul	35.85	35.50	37.00	36.50
Aug	35.42	34.67	36.45	34.75

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark gains on strike vote

Trading on the foreign exchange markets remained nervous yesterday, with the dollar falling more than 2 pfennigs on the the announcement that German steel workers voted for strike action, *writes Simon London.*

Overnight trading in the Far East was featureless, with few dealers willing to take on large positions on the last day of the month, a reporting deadline at many firms. In addition, poor economic data from the US this week and the threat of central bank intervention left traders uncertain whether the dollar's recent gains would be increased.

The dollar ended in Tokyo at Y125.78, from Y125.75/85 at the close in New York, and DM1.6162, from DM1.6163.

However, the narrow range against the German currency was shattered by the announcement that steel workers voted overwhelmingly for strike action. The result was preceded by statements from employers that there would be no increase in the 5.7 per cent pay offer, setting the stage for a lengthy dispute.

The D-Mark rose sharply against the dollar on the ballot result. From a level of DM1.6230 against the dollar shortly before the announcement – the low point-the-day against the US currency – the German unit rose suddenly to DM1.6000 as dealers liquidated dollar positions.

In addition to the strike vote, the dollar was damaged by the release of the index of leading US economic indicators for December, which fell 0.3 per cent for the second month in succession.

Mr Helmut Schlesinger, Bundesbank president, echoed hard-line statements by other central bank officials this week, underlining that the medium term inflation target is 2 per cent, against a current rate of 4 per cent.

This was taken as a signal that German interest rates will not be reduced in the near term.

The weakness of the dollar against the D-Mark lasted through the afternoon, with the US currency reach a low of DM1.5950 in mid-afternoon. Some of the losses were later recovered, however, and the US unit closed in London at DM1.6080, from DM1.6210 on Thursday; 125.55 from Y126; and $1.7900 from $1.7745 against sterling.

Within the European exchange rate mechanism, sterling gained ground against the D-Mark, pressing DM2.88 for most of the day, the highest level since the Bundesbank increased German interest rates on December 19.

However, other currencies also gained on the D-Mark and sterling remained only just above its floor within the system, determined by its maximum permitted divergence from the strongest currency, the peseta. The UK currency closed unchanged at DM2.8775.

£ IN NEW YORK

Jan 31	Latest	Previous Close
£ Spot	1.7900-1.7910	1.7815-1.7825
1 month	0.93-0.92pm	0.95-0.93pm
3 months	2.83-2.80pm	2.85-2.82pm
12 months	9.35-9.25pm	9.32-9.22pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 31	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.540	-3.81	5.95	66
Belgian Franc	42.4032	42.0848	-0.75	2.68	37
Dutch Guilder	2.31643	2.30086	-0.67	2.60	34
D-Mark	2.05586	2.04385	-0.58	2.51	38
Irish Punt	0.767417	0.766305	-0.14	2.06	7
Italian Lira	1538.24	1536.08	-0.14	2.05	8
French Franc	6.89509	6.96159	0.96	0.94	-52
Danish Krone	7.84195	7.92002	1.00	0.90	-45
Sterling	0.696904	0.710208	1.91	0.00	-38

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

STERLING INDEX

[illegible]

LME WAREHOUSE STOCKS

(As at Thursday's close) tonnes

Aluminium	+8,775	to 1,056,875
Copper	-7,725	to 305,675
Lead	+1,700	to 129,900
Nickel	+516	to 17,916
Zinc	+525	to 168,025
Tin	-125	to 13,600

CURRENCY RATES

[illegible]

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

*Floating rate. Iran Official rate £116.8 $65.2

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

Jan 31	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	4¼ - 3⅞	4⅛ - 4⅛	4⅛ - 4⅛	4⅛ - 4⅛	4⅛ - 4⅛	4⅝ - 4½
Can. Dollar	6⅝ - 6⅝	6⅝ - 6⅝	6⅝ - 6⅝	6⅜ - 6⅜	6⅜ - 6⅜	7⅛ - 6⅞
Dutch Guilder	9⅛ - 9⅛	9⅛ - 9⅛	9⅝ - 9½	9⅝ - 9⅝	9⅝ - 9⅝	9⅝ - 9⅝
Swiss Franc	7¼ - 7	7¼ - 7	7½ - 7⅜	7½ - 7⅜	7½ - 7⅜	7⅜ - 7¼
D-Mark	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9½	9⅝ - 9⅝	9⅝ - 9½
French Franc	10⅛ - 10	10⅛ - 10	10⅛ - 10	10⅛ - 9⅞	9⅞ - 9⅞	9⅝ - 9⅝
Italian Lira	12 - 10	12⅛ - 11⅛	12 - 11½	11⅞ - 11⅝	11⅞ - 11⅝	11⅞ - 11½
Belgian Franc	9⅞ - 9⅝	9⅝ - 9⅝	9⅝ - 9½	9⅝ - 9½	9⅝ - 9⅝	9⅝ - 9¼
Yen	5⅝ - 5⅝	5⅝ - 5⅝	5⅜ - 5⅜	5⅛ - 5⅛	4⅞ - 4⅞	4⅝ - 4⅝
Danish Krone	9⅝ - 9½	9⅝ - 9⅝	10¼ - 10⅛	10¼ - 10⅛	10⅛ - 9⅞	10 - 9⅞
Asian $Sing	3 - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞	2⅞ - 2⅞	3⅛ - 2⅞	3⅝ - 3½

Long term Eurodollars: two years 5⅛-5⅛ per cent; three years 6⅛-6⅛ per cent; four years 6⅜-6⅜ per cent; five years 7⅛-7 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.31	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.790	2.877	224.7	9.800	2.557	3.237	2160	2.100	59.25	1.406
$	0.559	1	1.607	125.5	5.475	1.428	1.808	1207	1.173	33.10	0.785
DM	0.348	0.622	1	78.10	3.406	0.889	1.125	750.8	0.730	20.59	0.489
YEN	4.450	7.966	12.80	1000.	43.61	11.38	14.41	9613	9.346	263.7	6.257
F Fr.	1.020	1.827	2.936	229.3	10.	2.609	3.303	2204	2.143	60.46	1.435
S Fr.	0.391	0.700	1.125	87.88	3.833	1	1.266	844.7	0.821	23.17	0.550
N Fl.	0.309	0.553	0.889	69.42	3.027	0.790	1	667.3	0.649	18.30	0.434
Lira	0.463	0.829	1.332	104.0	4.537	1.184	1.499	1000.	0.972	27.43	0.651
C$	0.476	0.852	1.370	107.0	4.667	1.218	1.541	1029	1	28.21	0.670
B Fr.	1.688	3.021	4.856	379.2	16.54	4.316	5.463	3646	3.544	100.	2.373
Ecu	0.711	1.273	2.046	159.8	6.970	1.819	2.302	1536	1.494	42.14	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls March	Calls June	Calls September	Puts March	Puts June	Puts September
106	-	-	-	0.02	0.18	-
107	1.58	-	-	0.10	0.25	-
108	0.79	2.12	-	0.29	0.45	-
109	0.28	1.47	-	0.77	0.79	-
110	0.06	0.93	-	-	-	-
111	0.02	0.58	-	-	-	-
112	-	-	-	-	-	-
113	-	0.18	-	-	-	-
Open Int.	122,057	44,584	8,017	107,648	35,608	300

Estimated volume 24,126 Total Open Interest 318,214

MONEY MARKETS

UK rates steady

The UK money market ended the week facing a sizable liquidity shortage following several days during which easier conditions had prevailed, *writes Simon London.*

The Bank of England forecast a liquidity shortage of £1.2bn early in the session, revised up to £1.3bn. As has been the pattern this week, maturing treasury bills and assistance were the main components of the shortage, draining £1.18bn from the market.

However, there was no early rush for funding and in early assistance the Bank of England injected just £386m. The Bank purchased bills for resale to the market at 10⅛ per cent on February 17 and 18, switching the repurchase dates from February 12 and 13 seen earlier in the week.

Later in the morning session a further £151m was purchased for resale on the same terms. In the afternoon the bulk of the remaining shortage was taken out, through the outright purchase of £704m band 1 bank bills at 10⅛ per cent.

Late assistance of £75m bought the total liquidity injection for the day to £1.316bn.

The unsecured overnight money rate was steady at around 11 per cent for most of the morning but fell back to close at 10¾ - ⅝ per cent.

Longer rates were little changed. Three month interbank funds traded at 10⅞ - 1⁵⁄₁₆ per cent from 10¾ - ⅝ per cent on Thursday; one month interbank money closed at 10¾ - ⅝ per cent.

The March short sterling contract on the London International Financial Futures Exchange lost ground during the day and closed at 89.67. In mid-week the contract had traded as high as 89.82.

In Frankfurt, call money traded up to 9.75 per cent, the same level as the Lombard rate, the Bundesbank's emergency funding rate for financial institutions.

The authorities injected funds at 9.7 per cent, transfering funds held on deposit for public sector bodies, in an effort to relieve the the shortage. The squeeze this week was sparked by pension payments draining cash from banks and heavy funding towards the end of the month.

The pressure was evidenced by a surge in borrowing at the Lombard rate. Financial institutions' Lombard borrowings reached DM7.1bn on Thursday, having been static at under DM1bn for most of the month.

UK clearing bank base lending rate
10.5 per cent
from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.31) 3 months US dollars		6 months US Dollars	
bid 4⅛	offer 4⅛	bid 4⅛	offer 4⅛

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

BANK RETURN

BANKING DEPARTMENT	Wednesday January 29 1992		Increase or decrease for week
LIABILITIES	£		£
Capital	15,553,000		
Public Deposits	81,193,060	-	47,852,066
Bankers Deposits	1,644,823,082	-	6,442,012
Reserve and other Accounts	3,269,230,454	-	101,167,075
	5,009,799,596	-	155,261,153
ASSETS			
Government Securities	1,406,976,528	+	62,990,000
Advance and other Accounts	1,901,876,040	-	535,661,457
Premises Equipment & other Secs	1,689,305,760	+	310,396,184
Notes	11,372,447	+	7,009,452
Coin	268,821	+	4,668
	5,009,799,596	-	155,261,153
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	15,518,627,553	-	47,009,452
Notes in Banking Department	11,372,447	+	7,009,452
	15,530,000,000	-	40,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	7,696,909,520	+	814,761,704
Other Securities	7,822,075,380	-	854,761,704
	15,530,000,000	-	40,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk.	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7900	1.7807	1.7621	1.7377	1.6975
D-mark	2.8775	2.8753	2.8713	2.8672	2.8547
French Fr.	9.8000	9.7580	9.6935	9.6475	9.5590
Swiss Fr.	2.5575	2.5509	2.5382	2.5225	2.4915
Yen	224.75	223.82	221.79	219.98	213.65

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

Charterhouse Bank Limited
1 Paternoster Row, EC4M 7DH. 071-248 4000

	Gross	Net	CAR	Int Cr
£2,500-£19,999	9.25	6.94	9.65	Mth
£20,000-£49,999	9.50	7.13	9.92	Mth
£50,000-£99,999	9.75	7.31	10.20	Mth
£100,000+	10.00	7.50	10.47	Mth
$5,000-$49,999	2.50	1.88	2.53	Mth
$50,000-$99,999	3.00	2.25	3.04	Mth
$100,000-$199,999	3.25	2.44	3.30	Mth
$200,000+	3.50	2.63	3.56	Mth

Many other currencies are available—for rates please phone ext. 2168

Clydesdale Bank PLC
30 St Vincent Place, Glasgow G1 2HL 041 248 7070

	Gross	Net	CAR	Int Cr
£2,000-£24,999	8.25	6.19	8.51	Qtr
£25,000-£99,999	9.00	6.75	9.31	Qtr
£100,000+	9.50	7.13	9.84	Qtr

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, London EC2V 6DS 071-382 6000

	Gross	Net	CAR	Int Cr
Special Acc.	9.75	7.31	10.08	Mth
£10,000 and above	10.00	7.50	10.35	Mth

Western Trust High Interest Cheque Acc
The Moneycentre, Plymouth PL1 1SE 0752 224141

	Gross	Net	CAR	Int Cr
£15,000+	10.00	7.50	10.38	Qtr
£5,000-£14,999	9.75	7.31	10.11	Qtr
£1,000-£4,999	9.50	7.13	9.84	Qtr

Wimbledon & South West Finance PLC
114 Newgate St, London EC1 7AE 071-606 9485

	Gross	Net	CAR	Int Cr
High Int Cheque Acc	10.60	7.95	11.03	Qtr

NOTES– Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1727

Exchequer 10½% Stk 2005 - £108½♦ 108⅝♦
Guaranteed Export Finance Corp PLC 12¾% Gtd Ln Stk 2002(Reg) - £117⅝ (29Ja92)

Corporation and County Stocks
No of bargains included 1

Birmingham District Council 11½% Red Stk 2012 - £106 (27Ja92)
Manchester Corp 1891 3% Red Stk

9½% Cnv Cap Bds 2006(Br £5000&50000) - £78¾
Tate&Lyle IntFin PLC/Tate&Lyle PLC5¾% T&LItFnGdBds 2001(Br) W/WtsT&LPLC - £83½ (24Ja92)
Tesco PLC 10⅜% Bds 2002 (Br £Var) - £99½ (29Ja92)
Tesco Capital Ld9% Cnv Cap Bds 2005(Reg £1) - £115¾ 6 ½ ¾ 7
9% Cnv Cap Bds 2005(Br£5000&10000) - £116 (27Ja92)
Thames Water PLC9½% CnvSubordBds 2006(Br£5000&50000) - £105 (29Ja92)
Thames Water Utilities Finance PLC10½% Gtd Bds 2001 - £100⅝ 1⅛ (28Ja92)
THORN EMI Capital NV5¾% Gtd Red Cnv

Southern Newspapers PLC Ord £1 - £2.19 2.2 (29Ja92)
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.52 (24Ja92)
Sutton Harbour Hldgs Ld Ord 25p - £3.7
Tadpole Technology PLC Ord 10p - £0.8 (24Ja92)
Thwaites(Daniel)& Co PLC Ord 25p - £2.005 (29Ja92)
Transatlantic Hldgs PLC Ord 50p - £3.08 3.15
Unicorn Inns PLC Ord 25p - £0½ (24Ja92)
Vista Entertainments PLC Ord 5p - 0½ (24Ja92)
Weetabix Ld"A" Non.V Ord 25p - £9.1
Winchmore PLC Ord 25p - £0 080156 (29Ja92)
Wynnstay Properties PLC 25p - £1.21 (24Ja92)
Yates Bros Wine Lodges PLC Ord 25p - £0.82 (24Ja92)
Yorkdale Holdings PLC Ord £1 - £0.09625 (28Ja92)

"B" Non Vtg Shs NK2.5 - NK134 4 ½ ½ .5 5 5 ¼ ⅝ 6 6
Peninsular & Oriental Steam Nav Co5% Cum Pfd Stk - £43 (24Ja92)

Utilities
No. of bargains included 8

Ameritech Corp Shs of Com Stk $1 - $63♦
California Energy Co Inc Shs of Com Stk $0.0675 - £7.410515 $ 13⅛ (28Ja92)
FPL Group Inc Shs of Com Stk $0.01 - $34⅝ (24Ja92)
GTE Corporation Shs of Com Stk $0.05 - £17⅝ $ 31⅛ 2 (28Ja92)
Mersey Docks & Harbour Co6¾% Red Deb Stk 96/99 - £80
Pacific Gas & Electric Co Shs of Com Stk $5 - $30⅛ (27Ja92)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Berjuntai Tin Dredging M$1.8269 (29/1)
Bukit Sembawang £1.7 (24/1)
City Developments S$0.06 (29/1)
Elec & Eltek Co HK$0.33♦ (28/1)
Harland (John H) Co $22½♦
Keystone International $29.641♦ (27/1)
Kuala Sidim Rubber M$1.719 (27/1)
Kulim Malaysia Ord 30 (29/1)
North Borneo Timbers S$0.724
Oil Search 29
Playmates Hldgs HK$4.378 (29/1)
Selangor Coconuts 25 (29/1)
United Overseas Land S$1.69065
Vamgas A$3.3 (24/1)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Equities firmer on increased demand

By Terry Byland, UK Stock Market Editor

A LONDON stock market showing increasing confidence on the domestic outlook moved ahead strongly yesterday, brushing off potentially negative developments elsewhere in Europe and the US. Institutional buyers were noted again and the Footsie Index received a further boost from Rank Organisation, whose maintained dividend has helped confidence across the range of equities.

London opened sharply higher behind a good performance from Wall Street overnight and took further encouragement from the stock index futures. The March contract on the Footsie, which has traded at a strong premium against cash all week, closed above 2,600 last night.

At the day's best, the FT-SE Index itself was ahead by nearly 30 points at 2,580.2, the best level since October 18. Last October, confidence began to crack in the UK stock market as the Labour opposition party established a seven point lead in the public opinion polls and doubts were cast over Wall Street's performance.

There was no immediate response in the London market yesterday to the strike decision by the German steel unions. However, share prices came off the top in late afternoon when Wall Street opened eight Dow points off in UK hours as Trans World Airlines filed for bankruptcy protection.

At the close, the FT-SE Index was 20.4 higher on the day at 2,571.2. The first week of the equity trading account has seen the Footsie rise by 60.8 or about 2.4 per cent as opinion polls have indicated an improvement in the ratings of Mr Major's government.

The economic outlook has remained less certain, with the Confederation of British Industry reporting falling confidence among its members.

Trading volume, after falling away at first, has increased, and the Seaq system yesterday recorded 668.5m shares, comparing well with Thursday's 680.5m. More significantly, Stock Exchange statistics showed that retail, or customer business in equities, rose to £1.3bn on Thursday and traders believed that yesterday will confirm this improvement in genuine investment activity.

Mr Ian Harnett of Strauss Turnbull commented that, with a relatively light corporate reporting list ahead and few testing levels nearby, the UK market could well attempt FT-SE 2,600 in the near future.

But the UK bond market had a nervous session, closing with prices little changed from overnight as UK investors reacted to the uncertain trends on the US bond market. Some London analysts speculated whether the strike vote in Germany might provoke the Bundesbank to raise interest rates.

● Retail, or customer, volume in equities has begun to improve again and is now running well above last year's daily averages.

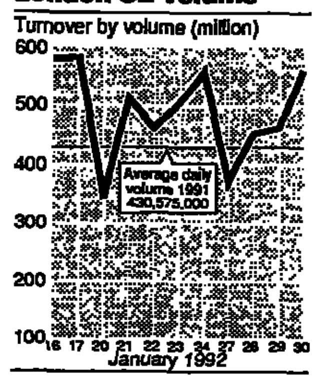
Account Dealing Dates

*First Dealings:	Jan 13	Jan 27	Feb 10
Option Declarations:	Jan 23	Feb 6	Feb 20
Last Dealings:	Jan 24	Feb 7	Feb 21
Account Day:	Feb 3	Feb 17	Mar 2

*New-time dealings may take place from 8.30 am two business days earlier.

London SE volume

Turnover by volume (million)



FINANCIAL TIMES STOCK INDICES

	Jan 31	Jan 30	Jan 29	Jan 28	Jan 27	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.84	87.94	87.90	87.84	87.74	84.51	87.94 (18/9/91)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	100.64	100.62	100.68	99.98	99.86	93.02	100.68 (29/1/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	1996.6	1973.6	1965.8	1973.8	1986.4	1694.0	2108.3 (2/9/91)	1608.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	144.3	146.1	148.9	153.3	152.8	136.6	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2571.2	2550.8	2548.5	2552.0	2539.9	2165.7	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1179.30	1171.02	1169.32	1178.40	1176.71	989.18	1188.60 (3/9/91)	938.62 (16/1/91)	1188.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.58	4.63	4.64	4.63	4.65	5.64				
●Earning Yld %(full)	6.87	6.94	6.96	6.94	6.97	11.76				
●P/E Ratio(Net)(☆)	18.31	18.11	18.06	18.11	18.03	10.28				
SEAQ Bargns 4.45pm	32,873	29,289	27,388	27,881	26,965	28,047				
Equity Turnover(£m)†	-	1,349.8	999.4	952.0	821.4	941.48				
Equity Bargains†	-	29,434	27,698	27,458	27,352	26,269				
Shares Traded (ml)†	-	567.4	460.1	450.3	376.6	455.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 17.28

Ordinary Share Index, Hourly changes Day's High 2006.9 Day's Low 1987.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1987.7	1987.2	1991.4	1991.0	2000.2	2004.5	2003.8	2003.8	2001.1

FT-SE 100, Hourly changes Day's High 2580.2 Day's Low 2565.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2568.4	2565.7	256[illegible]7	2568.4	2578.4	2578.1	2577.4	2578.2	2574.5

FT-SE Eurotrack 200, Hourly changes Day's High 1186.71 Day's Low 1172.81

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1179.91	1178.55	1178.44	1180.39	1182.94	1181.06	1179.66

GILT EDGED ACTIVITY

Indices*	Jan 30	Jan 29
Gilt Edged Bargains	74.2	90.1
5 – Day average	84.8	87.8

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

Asda rises on MFI hopes

FOOD retailer Asda rose 3¼ to 39p – one of the biggest percentage rises in the market yesterday – following reports that furniture group MFI will seek a stock market quotation. Asda retained a 25 per cent stake when MFI was sold off to its management in 1987. Trading volume in Asda shares jumped to 30m, making it the most active stock of the day.

Written down in Asda's books to zero the MFI holding now clearly now has significant value, which market estimates put at £30m to £60m. Analysts pointed out that MFI makes no money at the pre-tax level, because of high interest payments, but will benefit from the injection of cash when the shares are floated.

Thorn-EMI ahead

The decision by Thorn-EMI to withdraw from electrical retailing was welcomed in the market. The group gained 15 to 841p in exceptional volume of 2.4m. The rationalisation of Thorn's loss-making Rumbelows division, involving the loss of 800 jobs, will reportedly cost the company around £46m. Ms Jane Anscombe at BZW described the share price rise as one of "relief". She added: "This is only slightly good news for Thorn. They still have a lot of work to do. We remain a hold."

Hotels firmer

Reports that hotel group Forte has been contacting City analysts, arguing that the sector has bottomed out, helped some stock yesterday. The market has been waiting for signs of recovery, but most of the news this week had continued to undermine the sector. Kleinwort Benson reported dismal occupancy figures, particularly in London, and brewery group Vaux yesterday said that its hotel business remains depressed.

However, some of the more positive sentiment rubbed off yesterday with the sector showing some resilience after a dull week. Forte gained 2 to 227¼p in busy volume of 2.6m, while Ladbroke added 4¼ to 214p. Granada Group rose 5 to 224p on continued optimism over BSkyB. Vaux rose 7 to 216p on well-received results.

Dealing in Rolls-Royce stock was volatile yesterday. The shares first advanced 4 on suggestions that replacement part sales were recovering.

However, news that Trans World Airlines had filed for Chapter 11 bankruptcy in the US sent the shares into retreat. TWA had placed an engine order for 20 Airbus A330 aircraft that were to be powered by Rolls engines and were due for delivery in 1994. The shares retreated to end a penny lower at 144½p as turnover soared to 11m.

Mr Nick Cunningham at Strauss Turnbull said: "This underlies the insecure nature of the civil aerospace order book."

The honeymoon continued for Rank Organisation after its well-received results. The shares added 31 to 671p following a 45p gain on Thursday. Volume was a busy 2.4m.

Reflection on the results failed to draw a consensus on the leisure group's prospects. BZW, a bull on the stock, believe Rank still holds "good value" at its present price and the gains made will be sustained. A more cautious Hoare Govett has worries on Rank's holiday business, but remains supportive in the short-term.

Holiday group Eurocamp slipped a further 4 to 311p as profit-taking continued.

Brent Walker won official approval for the lease of 734 public houses from Allied Lyons. However, it emerged later that the move would not allow Allied to discount the pubs from the total it must sell under government regulations. One analyst said the development could put the deal in jeopardy. Brent added 2 to 14p, while Allied gained 6 to 649p.

Business services group Hays was heavily traded after Warburg Securities bought 15.8m shares at 178p. They were placed with between 12 and 15 investors, who already had stakes in Hays, at 180p in a bought deal. Dealers said there was speculation that a large stakeholder had sold its holding. The placing represents 4.1 per cent of the company and the shareholders capable of selling a stake of that size are the Kuwait Investment Office and the British Coal Pension Fund. The shares firmed a penny to 188p.

Publisher Reed International came under pressure after Kleinwort Benson cut its profit forecasts for the company. The shares lost 11 to 523p with 3.6m traded. The house cut its figure for the year to end March 1992 by £5m to £215m and for 1992/93 by £20m to £250m.

Reuters continued firm on optimism over the trials on its new dealing systems and overnight firmness in New York. The shares were 40 up at one stage and closed 28 better at 1128p.

Bear raiding returned to BTR which lost 10 to 417p. The persistent story that chief executive Mr Alan Jackson may have to resign through ill health resurfaced.

Guinness rose 14 to 570 having earlier hit a record 579p, after securities house Nomura reinforced its buy recommendation.

A line of 5.5m BAT shares dealt at 645p and said to be part of a tax-related "bed-and-breakfast" deal boosted turnover. The stock also saw active two-way business following a press article which was positive on the prospects for tobacco companies. BATs rose 4 to 662p with a massive 14m traded.

Wellcome was affected by a bear squeeze and the shares rose 21 to 1149p on thin volume.

Prudential lost 3 to 131p on worries about the effect of proposed tax changes on its US subsidiary Jackson National.

Oils were weak as caution persisted ahead of the forthcoming Opec production meeting and the UN-Iraq meeting shortly. There was also said to be stock overhanging the market. Shell lost 3½ to 476½p.

Pre-press printing specialist Wace Group dived 64 to 104p as concern resurfaced about possible links with the IRA after the resignation of the managing director.

British Aerospace added 7 to 285p on turnover of 4.9m after the company announced the sale of an aircraft components-making unit for £47m.

TI Group fell 11 to 597p after broker Williams De Broe criticised the company's accounting methods.

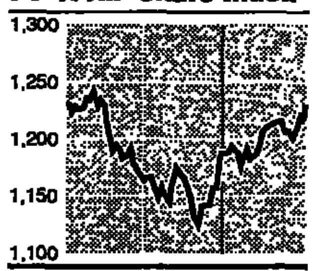
MARKET REPORTERS:
Peter John, Joel Kibazo, Colin Millham, Chris Price.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, **Page 11.**

From today's issue, the FT's London Share Service will carry Investment Trust share prices in two separate categories. *Those companies designated as investment trusts by the UK* Inland Revenue under rule 842 of the Income and Corporation Tax Act 1988 – all those shown under the Investment Trusts heading in the past – will be printed under the heading Investment Trusts – Authorised.

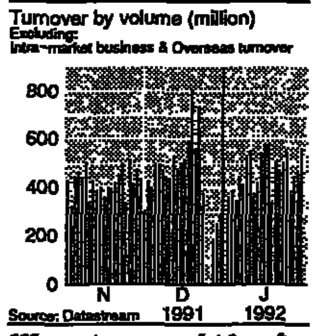
A second category, Investment Trusts – Unauthorised, will contain 56 companies until now listed under the Other Financials heading. Initially, daily net asset values estimated by County NatWest WoodMac will be shown for seven of these companies. In time, it is hoped to provide net asset values for all this category.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (163).
BRITISH FUNDS (9) Tr. 2pc IL 1992, Tr. 9¾pc 2002 C, Tr. 2½pc IL 2001, Tr. 2½pc IL 2003, Tr. 3pc '66 Aft., **AMERICANS (2)** Honeywell, Lowe's, **BANKS (1)** HSBC, **BREWERS & DISTILLERS (8)** Bass, Greene King, Guinness, Do. 5¾pc Prf., Do. 8¾pc Prf., Mansfield, Young A, Do. N/V, **BUSINESS SERVICES (7)** Adam & Harvey, Barbour Index, Capita, Hays, Johnson Cleaners, RCO, Serco, **CHEMICALS (3)** BTP, Courtaulds, Plysu, **ELECTRICALS (3)** Menvier-Swain, Unidare, Volex, **ELECTRONICS (6)** Domino Printing, Druck, Elect. Data Procg., MTL Instrs., Sage, **ENGINEERING GENERAL (7)** Black & Decker, Halma, Polymark, Transfer Tech., Victaulic, Weir, Whessoe, **FOOD MANUFACTURING (8)** Cadbury Schweppes, Dalepak, Everest, Salvesen (Chr), Taveners, Unilever, Do. N/V, Wassmen, **FOOD RETAILING (1)** Argyll, **HEALTH & HOUSEHOLD (1)** Wellcome, **HOTELS & LEISURE (3)** Granada 7.5p Prf., Mandarin Oriental, Thorn EMI, **INVESTMENT TRUSTS (28)** Abtrust Prfd. Zero Prf., Baring Chrysalis Fund Wrrnts., Biotech Ptg. Prf., Contra-Cyclical Zero Prf., Drayton Recovery Prfd. Growth, Exmoor Dual Zero Prf., Fleming Intl. High Zero Prf., Gartmore Value Zero Prf., General Cons. Stppd. Prf., Hong Kong I & S Optimum Inc. Zero Div., India Fund, Latin Amer. Inv., M & G Inc. Zero Prf., Manakin, Murray Split Cap. Zero Prf., River & Merc. Stppd. Prf., SPRAIT 6.3-13.3pc Pfg., Scot. Natl. Zero Prf., Sphere Zero Prf., St. Davids Zero Prf., Strata Invs., TR Tech. Zero Prf., Templeton Emrg. Mkts., Do. Wrrnts., Do. 1pc Cv. 2001, **MEDIA (7)** Headline Book Publs., News Intl., Radio Clyde, Reuters, Scottish TV, Tyne Tees, Ulster TV, **MOTORS (3)** ABI Leis., Barr & WAT A, Central Mtr. Auctions, **OIL & GAS (1)** Burmah 8½pc '91-96, **OTHER FINANCIAL (2)** Edinburgh Fund Managers, Templeton Galbraith, **OTHER INDUSTRIAL MATERIALS (1)** ECC, **PACKAGING, PAPER & PRINTING (4)** Bowater, Boxmore Intl., CMB Packaging, Smurfit (J), **PROPERTY (1)** HK Land, **STORES (1)** Next, **TEXTILES (2)** Leeds, Readicut, **MINES (1)** Dana Expl.

NEW LOWS (46).
BUILDING MATERIALS (2) Hewetson, Ward, **BUSINESS SERVICES (2)** AFP, Select Appts., **CONTRACTING & CONSTRUCTION (4)** AMEC 6.5p Prf., CALA, McLaughlin & Harvey, Wescol, **ELECTRICALS (1)** Wholesale Fdgs., **ELECTRONICS (2)** Newmark (L), Sanderson, **ENGINEERING AEROSPACE (2)** ML, Westland, **ENGINEERING GENERAL (3)** Elliott (B), Hay (N), Willaire Prf., **HEALTH & HOUSEHOLD (3)** JS Pathology, Kynoch (G & G), Nestor-BNA, **HOTELS & LEISURE (3)** Harmony, Kunick, Principal, **INSURANCE LIFE (1)** Lon. & Manchester, **INVESTMENT TRUSTS (6)** Contra-Cyclical Cap., EFM Inc., Gartmore Value, I & S UK Smllr. Co's Wrrnts., River Plate Cap., Thornton Pan Euro. Wrrnts., **MEDIA (1)** Osprey Comms., **METAL & METAL FORMING (1)** Linread, **MISCELLANEOUS (1)** Assoc. Brit. Consultants, **OIL & GAS (1)** Gt. Western Res. Class A, **OTHER FINANCIAL (3)** Cambridge, Cater Allen, King & Shaxson, **PACKAGING, PAPER & PRINTING (3)** Wace, Do. 8pc Prf., Waverley Cameron, **PROPERTY (5)** Britannia, Capital & Counties, Embassy, Prior, Waterglade 7.75pc Prf., **STORES (1)** Owen & Robinson, **MINES (1)** Anglesey.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	5	64	10	185	98	112
Other Fixed Interest	0	4	13	19	15	51
Commercial, Industrial	402	162	916	1,712	1,092	4,596
Financial & Property	210	80	503	836	541	2,588
Oil & Gas	25	23	43	102	105	248
Plantations	0	0	9	1	1	43
Mines	33	36	82	118	179	462
Others	74	19	40	220	243	191
Totals	749	388	1,616	3,193	2,274	8,291

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	29	408	+5	Cookson	123	113		Lucas	3,800	116		Shell Transport	3,600	476½	-3½
ASDA Group	31,000	39	+3½	Courtaulds	4,200	534	-2	MB Caradon	386	289	+6	Siebe	648	679	-1
Abbey National	1,000	294	+5	Dalgety	544	358		MEPC	637	354	-4	Slough Ests	323	232	
Albert Fisher	2,600	70	-1	De La Rue	256	529	+7	Manweb	17	321		Smith (W H) A	942	455	+10
Allied-Lyons	5,300	649	+6	Dixons	4,800	236	+11	Marks & Spencer	4,200	296	+5	Smith & Nephew	2,400	146½	+½
Amstrad	396	28		ECC Group	784	510	+2	Midland Bank	2,900	229	+5	SmKl Beecham	14,000	850	+18
Anglian Water	3,500	358	-2	Eastern Elect.	505	282	+2	Midlands Elect.	342	273		SmKl Beecham Uts.	92	4350	+80
Argos	7,100	257	+1	East Midland Elect.	174	251	+1	NFC	386	244	+5	Smiths Inds	453	383	+3
Argyll Group	3,400	314½	+7½	Enterprise Oil	740	448	-2	NatWest Bank	4,300	290		Southern Elect.	81	259	-1
Arjo Wiggins	718	262		Eurotunnel Units	178	465	+1	National Power	2,600	227	+1	South Wales Elect.	330	318	-5
Ass. Brit. Foods	374	449	+5	FKI	351	58		Next	352	71	+1	South West Water	898	342	+5
BAA	1,200	565	+11	Ferranti	988	8½	+¼	North West Water	2,400	365		South West. Elect.	101	275	-4
BAT Inds	14,000	662	+4	Fisons	3,800	394	-2	Northern Elect.	197	274	+3	Southern Water	114	333	
BET	3,400	151	-1	Forte	2,600	227¼	+2	Northern Foods	540	578	+6	Standard Chartd.	465	413	+5
BICC	1,100	336	+5	Gen. Accident	1,100	446	-6	Norweb	121	295	-2	Storehouse	3,000	111	+2
BOC	1,200	638	+10	General Elect.	17,000	212	+3	Pearson	396	785	+13	Sun Alliance	2,000	284	-1
BPB Inds.	768	144	+3	Glaxo	3,400	845	+10	P & O	2,100	444	+11	T&N	1,900	109	+3
BTR	8,600	417	-10	Glynwed Int.	931	271	-1	Pilkington	2,800	141	+4	TI Group	687	597	-11
Bank of Scotland	1,300	114	+3	Granada	1,300	224	+5	PowerGen	1,500	238	+1	TSB	1,400	134	+1½
Barclays	3,600	385	+4	Grand Met.	3,600	942	+8	Prudential	6,500	231	-3	Tarmac	1,800	121	
Bass	1,200	661	+7	GUS A	1,000	1423	+9	RHM	1,400	229	+4	Tate & Lyle	2,200	422	-3
Berisford Int.	12,000	24	+2	GRE	3,900	140	+4	RMC	330	585	+7	Taylor Woodrow	2,400	114	
Blue Circle	231	256	+2	GKN	472	320	+5	RTZ	2,000	528	+5	Tesco	4,900	246	+1
Booker	2,100	445	+14	Guinness	8,700	570	+14	Racal	6,200	47	+½	Thames Water	3,500	371	+2
Boots	1,900	457	+2	Hammerson 'A'	156	498	+3	Rank Org.	2,400	671	+31	Thorn EMI	2,500	841	+15
Bowater	1,200	752	+10	Hanson	4,800	209	+2	Reckitt & Colman	1,200	675		Tomkins	538	432	+5
Brit. Aerospace	4,900	395	+7	Hanson Warrants	208	21	+½	Redland	2,100	483	+4	Trafalgar House	2,700	141	+6
British Airways	6,200	244	+3	Harrisons Crosfield	712	114	+2	Reed Intl	3,600	623	-11	Ultramar	68	298	-1
British Gas	4,600	261	+4	Hawker Sidd.	7	810	-3	Rentokil	39	397	+2	Unigate	1,000	273	+7
British Land	992	273	+1	Hillsdown	1,700	165	+4	Reuters	1,700	1128	+28	Unilever	1,600	929	+14
BP	6,100	287		IMI	682	249	-3	Rolls Royce	11,000	144½	-1	United Biscuits	1,600	407	-3
British Steel	4,400	78		ICI	1,200	1275	+16	Rothmans	868	1078	+7	Utd. Newspapers	357	388	
British Telecom	8,200	329		Inchcape	1,100	420	-6	Ryl Bk Scotland	1,700	168	-2	Vodafone	2,500	340	-6
Br. Telecom New	22,000	121½	+2½	Kingfisher	2,800	531	+6	Royal Insurance	881	253	-2	Warburg (SG)	348	565	+2
Bund	770	85		Ladbroke	3,600	214	+4½	Saatchi	4,100	14¼		Wellcome	1,100	1149	+21
Burmah Castrol	664	621	-1	Land Securities	2,300	489	-5	Sainsbury	3,000	382	+5	Welsh Water	3,200	374	+6
Burton	1,900	38	+2½	Laporte	402	612		Scottish & New.	1,400	430	+8	Wessex Water	1,100	400	+8
Cable & Wire	4,000	805	+7	Legal & General	1,900	368	+7	Scot. Hydro-Elect.	1,800	105	+½	Whitbread 'A'	622	482	+1
Cadbury Schweppes	1,800	457	+2	Lloyds Abbey	1,600	390	+7	Scottish Power	3,600	103		Williams Hldgs.	136	321	+6
Calor Group	286	201		Lloyds Bank	1,700	400	+5	Sears	2,400	97	+½	Willis Corroon	659	252	+2
Carlton Comms.	1,500	547	+8	LASMO	2,700	349	-1	Sedgwick	1,400	220	+2	Wimpey	1,600	111	-1
Coats Viyella	785	180	+3	London Elect.	965	288	+3	Seeboard	109	271	+1	Yorkshire Elect.	79	314	-2
Comm. Union	1,100	484	+9	Lonrho	9,100	123	+2	Severn Trent Water	1,100	345	+3	Yorkshire Water	18	380	-1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A SQUEEZE in stock index futures continued for most of yesterday, sending the March contract advancing to a strong premium, writes Joel Kibazo.

Buyers for March were seen from the outset from both independent traders and large securities houses, sending the contract to a premium of 42 by lunchtime and pulling up the underlying cash market.

That advance proved unsustainable and sellers were seen as dealers took profits and awaited Wall Street's opening. News that TWA had filed for Chapter 11 bankruptcy affected sentiment further, though dealers reported healthy after-hours buying.

March closed at 2,604, a 33-point premium and some 17 points above its estimated fair value premium to cash of 16. Volume, at over 7,000 contracts, was better than the last few sessions.

In traded options, where dealers dealt on the options floor for the last time, turnover reached 31,942.

The FT-SE 100 index option, which expired yesterday, traded 11,610 contracts. The Euro FT-SE option was also busy, with 6,009 lots dealt.

Rolls-Royce, which was hit by sentiment regarding TWA, was the busiest stock option with 1,722 lots traded and the March 140 calls busy.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	111.5349	+1.240	10.11	10.05	9.39
BELGIUM		9.000	06/01	102.3500	-0.100	8.62	8.65	8.89
CANADA *		8.500	04/02	100.9600	-0.350	8.36	8.34	8.15
DENMARK		9.000	11/00	102.9700	-0.050	8.50	8.48	8.69
FRANCE	BTAN	8.500	11/96	99.1735	-0.114	8.69	8.68	9.02
	OAT	9.500	01/01	106.5700	-0.190	8.42	8.44	8.60
GERMANY		8.25	09/01	102.0400	-0.180	7.93	7.91	8.01
ITALY		12.000	06/01	98.8900	-0.080	12.23	12.21	12.50
JAPAN	No 119	4.800	06/99	95.4720	-0.396	5.67	5.53	5.64
	No 129	6.400	03/00	106.0098	-0.427	5.34	5.23	5.39
NETHERLANDS		8.500	03/01	100.7900	-0.130	8.37	8.38	8.69
SPAIN		11.900	07/96	101.4000	-0.050	11.42	11.28	11.75
UK GILTS		10.000	11/96	101-17	-8/32	9.69	9.60	9.99
		10.000	02/01	103-10	+0/32	9.45	9.51	9.77
		9.000	10/08	96-13	-1/32	9.19	9.23	9.50
US TREASURY *		7.500	11/01	101-11	-2/32	7.30	7.24	6.72
		8.000	11/21	102-14	-1/32	7.79	7.70	7.45

London closing. *denotes New York morning session Yields: Local market standard
Prices: US, UK in 32nds., others in decimal *Technical Data/ATLAS Price Sources*

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1991 based on Thursday January 30 1992

Water	+	8.89	Transport	+	3.02
Metals & Metal Forming	+	8.40	500 Share Index	+	2.85
Engineering-General	+	8.28	All-Share Index	+	2.56
Building Materials	+	7.92	Health & Household	+	1.96
Other Industrial Materials	+	7.50	Textiles	+	1.95
Electricals	+	7.25	*Other Groups*	+	1.94
Merchant Banks	+	6.22	Banks	+	1.92
Brewers & Distillers	+	6.22	Engineering-Aerospace	+	1.75
Capital Goods	+	6.22	Property	+	1.25
Packaging, Paper & Printing	+	6.10	Investment Trusts	+	1.23
Media	+	5.90	Food Manufacturing	+	0.98
Chemicals	+	4.88	Electricity	+	0.93
Electronics	+	4.86	*Financial Group*	+	0.84
Food Retailing	+	4.72	Conglomerates	+	0.70
Stores	+	4.47	Telephone Networks	-	0.60
Gold Mines Index	+	4.28	Contracting, Construction	-	0.66
Insurance Brokers	+	3.88	Insurance (Composite)	-	1.16
Hotels & Leisure	+	3.80	Business Services	-	1.47
Consumer Group	+	3.75	Oil & Gas	-	2.90
Industrial Group	+	3.64	*Insurance (Life)*	-	4.66
Motors	+	3.48			

COMMODITIES

WEEK IN THE MARKETS

Aluminium slide dents recovery hopes

HOPES THAT the recent strength of the aluminium and nickel markets might augur a world economic recovery were dented this week when prices of both metals fell sharply.

Aluminium buyers, especially in the Far East, were still in full cry during the early part of the week and on Tuesday the London Metal Exchange cash price closed at a 5½-month high of $1,274 a tonne. But the failure of the three months position, which closed that day at $1,298.50 a tonne, to push on through the psychologically important $1,300 barrier signalled a change of sentiment and Far Eastern traders began to take their profits.

As the cash price retreated to $1,221.50 a tonne at yesterday's close, down $28 on the week, dealers explained that the earlier sustained rise had created an "overbought" market and a technical correction was overdue.

The rise in LME warehouse stocks of aluminium continued – net deliveries amounted to 10,025 tonnes this week, taking the total to a record 1,055,875 tonnes – but the market appears to have become inured to this factor. Dealers noted yesterday that deliveries into the exchange's US warehouses had slowed to a trickle, keeping alive hopes that there was some improvement in American demand. But there was concern about a 1,500-tonne shipment into a Japanese warehouse.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+6,775	to 1,055,875
Copper	−7,725	to 305,575
Lead	+1,750	to 128,900
Nickel	+516	to 17,916
Zinc	+525	to 168,025
Tin	−125	to 13,600

The nickel market's $690 upsurge since the start of this year had already run into stiff resistance at the end of last week, when the three months price failed to pass the $8,000-a-tonne mark. And this week saw a substantial retreat as the disappearance of recent influential buying allowed the negative fundamental situation to come to the fore. The bearishness of fundamentals was highlighted by a further 1,392-tonne rise in LME stocks to 17,916 tonnes, the highest level since September 1984. Dealers thought this week's rise largely reflected Russian deliveries into LME warehouses, and they said more was expected from that quarter.

Another factor weighing on the nickel market was the prospect of a strike in the German steel industry, which it was feared would reduce demand from nickel's key end-use sector. But even before it was announced yesterday that steel workers in the IG Metall union had voted overwhelmingly in favour of striking in support of their 10.5 per cent pay claim the threat was beginning to lose its market potency. Dealers explained that the impact of a strike had already been discounted in this week's price fall and that, in any case, the overall supply/demand balance was not likely to be much affected because lost German output was likely to be made up by other European producers.

The cash nickel price lost an early gain after the result of the strike vote was announced, finishing unchanged on the day at $7,665 a tonne, down $200 on the week.

Zinc prices were also in retreat, as fears of a technical squeeze receded. The cash price fell $23.50 to $1,159 a tonne, and its premium over the three months price narrowed from $17 to $5.75 a tonne at one point, although it widened again yesterday to $13 a tonne.

The week's biggest base metals rises were in the copper market, where the cash quotation gained £26.50 to £1,220.50 a tonne – but most of that reflected sterling's decline against the dollar.

Also supportive of the copper market was the threat strike by Chilean miners over a plan for Codelco, the state-owned metals group, to grant controlling stakes in joint ventures to private companies. The company said, however, it was confident that a stoppage was "highly improbable".

At the London Futures and Options Exchange the March robusta coffee price slid by another £61 to £505 a tonne. Dealers said sentiment was affected by news that Brazil, the biggest producer, had no market stabilisation proposals to put before next week's meeting of the International Coffee Organisation and that the National Coffee Growers' Federation of Colombia, the second biggest producer, was not even sending a delegation. The meetings will be attended instead by the federation's permanent representative in London.

Coffee's weakness was also influenced by the evaporation of squeeze fears on the expiring January position, which went off the board quietly yesterday at a small discount to the March contract, now the only remaining sterling position.

Richard Mooney

APPOINTMENTS

Pearson takes over at IMS

Richard Pearson, who has been associate and then deputy director of the Institute of Manpower Studies for the past eight years, will succeed John Elliott as director in March. The IMS, which advises companies, government departments and trade unions on employment and labour market issues, has a staff of 50.

According to Sir John Cassels, president of the IMS council, Pearson "knows exactly what makes the Institute tick". His colleagues obviously know what makes him tick; 12 years ago they parodied his punctilious style in a staff Christmas pantomime. He was characterised as someone who insisted on punctuality, people speaking in turn and sticking to the point.

Now he says: "Luckily I laughed. I have learnt that life is messier than I thought; I was a bit naive then."

Last year, when he was 42, Pearson started learning to play tennis. But his performance in meetings is not replicated on the court; he is said to have little style but makes up for this with stamina and determination to hit every ball.

■ Is John Hardman, former chief executive and chairman of Asda, in need of the personal services of the executive search company of which he has just been appointed a non-executive director?

Pushed from his position at the troubled store group by angry institutional shareholders last June, Hardman has just picked up his third non-executive directorship, this time at Adderley-Featherstone, a brand new Leeds-centred head-hunting outfit.

Peter Adderley, previously group managing director of Hoggett Bowers, says Hardman has been a friend of his partner John Featherstone for years.

The former Asda boss, a Lancastrian who has made his home in Yorkshire, is also a director of the Yorkshire Electricity Board and deputy chairman of the Leeds Development Corporation. But that is unlikely to be keeping him fully occupied.

Aiming to boost quality

Tony Carter, a chartered mechanical engineer, has been appointed secretary general of the British Deming Association which promotes the "total quality" philosophy of business management; it was named after the American quality control guru, Edwards Deming.

Carter has worked in manufacturing, personnel and quality management in the UK and Australia for companies including Ford, National Bus Group and London International. He succeeds Patric Dolan.

Since it was formed in 1987, the non-profit-making association has developed a nationwide programme of educational seminars, established more than a dozen research groups, launched a highly successful annual conference and set up an expanding network of regional groups.

Carter is aiming to increase corporate and individual membership and extend the association's sphere of influence.

Bodies politic

■ Stewart Siddall, senior vice president of public and industry affairs at SmithKline Beecham Pharmaceuticals, has been appointed president of the Association of the British Pharmaceutical Industry. The appointment, which starts on April 10, normally lasts for two years. Siddall, who replaces David Godfrey, a director of the Wellcome Foundation, will continue working at SmithKline while holding the ABPI post.

■ Colin Amery, architectural correspondent of the Financial Times, is appointed a governor of the Museum of London.

■ Andrew Davies, of Touche Ross Management Consultants, has been elected president of the Management Consultancies Association in place of George Cox.

■ David Thompson, chairman of Rank Xerox (UK) has been appointed chairman of Sight Savers (Royal Commonwealth Society for the Blind).

■ David Kent, of ABB Kent, is president of The Institute of Measurement and Control.

■ Nigel Mansley, group accountant at London and Manchester, becomes, for a term of one year, national finance director of BRITISH JUNIOR CHAMBER.

■ Michael Welbank, director of Shankland Cox, is elected president of the ROYAL TOWN PLANNING INSTITUTE.

■ The INTERNATIONAL CHILDREN'S TRUST makes John Strover, overseas executive, also director of fund-raising.

■ The Committee of the AUTOMOBILE ASSOCIATION has elected Lady Judith Wilcox, chairman of the National Consumer Council, and Kerry Richardson, AA group services director, as new members.

■ Lord Laing, until 1990 chairman of United Biscuits, becomes president of TRIDENT. He succeeds Sir John Nelson who is retiring.

■ The GRAIN AND FEED TRADE ASSOCIATION has named Guy Valentine, md of Mardorf Peach, as its president. Aat Braakenburg, president of Pell, is deputy president. Ken Hairs, director of Continental UK, becomes vice president, and Klaas Vervelde, president of Royal Dutch Grain and Feed Trade Association, is re-elected as overseas vice president.

■ The BRITISH DIABETIC ASSOCIATION has named Michael Cooper director general following the retirement of David Armytage. Verity Haines is the new director of fund-raising.

■ Norman Adsetts, a past chairman of the Yorkshire and Humberside region of the CBI and deputy chairman of Sheffield Development Corporation, and Michael Beverley, managing partner of Arthur Andersen's Leeds office, have been appointed to the board of OPERA NORTH.

■ Christopher Sly, formerly assistant director of fundraising at Oxfam, is the new director of fundraising and external relations at THE SAMARITANS.

■ Jim Matthews is moving from the Association of the British Pharmaceutical Industry to be assistant director of the BRITISH CONSULTANTS BUREAU.

■ Jennifer Ainsworth has been elected president of the Institute of Taxation; her year of office begins in May.

■ Tony Travers, 34, currently research director, Greater London Group at the London School of Economics, has been appointed to the Audit Commission, an independent body which appoints auditors to all local and health authorities in England and Wales.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	118.4	118.4	125.6	-0.2	8.24
High Inc Equity	6	124.3	127.3xd	135.4	+1.3	6.28
Worldwide Bond	6	221.4	221.4xd	234.9	+0.5	6.06
Capital Growth						
American Growth	6	208.2	208.2	222.6	+2.3	1.06
Asian Pacific	6	130.4	133.2	141.7	+2.1	2.47
Assets & Earnings	6	182.2	182.2xd	194.8	+1.5	3.24
Capital Reserve Acc	0	111.9	111.9	120.0	-0.1	7.50
Capital Reserve Inc	0	88.48	88.48	88.57	-0.06	7.50
Country & Energy	6	69.63	69.63	74.47	+0.44	1.45
1992 Enterprise	6	65.98	65.98	70.56	+0.36	3.12
Euro Capital Acc	6	87.54	87.54	93.62	+0.50	1.11
Euro Capital Inc	6	83.64	83.64	89.45	+0.48	1.12
General	6	169.0	169.0	180.7	+1.7	2.77
Japan	6	91.31	91.31xd	97.65	+2.50	—
Mastertrust	6	89.87	89.87	96.11	+0.98	2.85
UK Growth Acc	6	165.3	172.4	183.3	.....	2.57
UK Growth Dist	6	105.0	109.6xd	116.5	.....	2.62

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -
Balanced Growth	6	77.63	78.95	84.44	[illegible]
Do (Accum)	6	83.14	84.56	90.43	[illegible]
Service Cos	6	64.00	64.00	68.45	[illegible]
Do (Accum)	6	67.97	67.97	72.70	[illegible]
Income Growth	6	40.31	40.31	43.12	[illegible]
Do (Accum)	6	58.05	58.05	62.09	[illegible]
Higher Yield	6	31.67	31.67xd	33.87	[illegible]
Do (Accum)	6	41.30	41.30	44.17	[illegible]
American Gth Inc	6	38.19	38.19xd	40.85	[illegible]
Do (Accum)	6	38.95	38.95	41.66	[illegible]
European Growth	6	25.09	25.09	26.84	[illegible]
Do (Accum)	6	25.79	25.79	27.59	[illegible]
Global Bond Inc	6	23.37	23.44	25.07	[illegible]
Do (Accum)	6	27.73	27.82	29.75	[illegible]
Managed P'folio Inc	6	26.19	26.27	28.10	[illegible]
(Do Accum)	6	26.19	26.27	28.10	[illegible]

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 [illegible]

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -
Mngd P'folio Inc	6	78.57	78.57	83.68	[illegible]
Mngd P'folio Acc	6	145.0	145.0	154.4	[illegible]
UK General	6	118.2	118.2	125.9	[illegible]
Conv & General	6	16.65	16.65xd	17.73	[illegible]
European Inc	6	20.20	20.20	21.75	[illegible]
European Acc	6	20.75	20.75	22.34	[illegible]
Financial	6	93.15	93.15	99.20	[illegible]
Foundation	6	60.49	62.08	66.12	[illegible]
German	6	35.40	35.40	37.93	[illegible]

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♠) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♣) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071—379—0444.

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[illegible]

INSURANCES

[illegible]

OTHER UK UNIT TRUSTS

[illegible]

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or −	Yield Gross
Life Managed Fd	110.6	116.7	----	−
Pension Managed Fd	109.3	115.0	--	−
Life Deposit Fd	112.2	118.2	----	−
Pension Deposit Fd	119.6	125.9	----	−

For National Fin see Target Life

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or −	Yield Gross
Harvester Pension Funds				
Managed	173.1	182.3	--	−
UK Equity	182.4	192.0	--	−
Overseas Equity	140.0	147.4	--	−
Fixed Interest	160.9	169.4	--	−
Property	131.2	138.2	--	−
Index Linked	154.4	162.6	--	−
Deposit	167.2	176.0	--	−
With Profits (B)	136.7	144.0	--	−

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	359.7	378.7	+3.3	−
UK Equity	452.0	475.8	+4.5	−
Overseas Eq.	345.6	363.8	+4.6	−
American	299.2	315.0	+2.3	−
Far East	357.0	375.8	+6.3	−
Property	195.1	205.4	+0.3	−
Fixed Int.	279.3	294.0	+0.4	−
Indexed Gilt	163.8	172.5	-0.1	−
Deposit	190.7	200.8	---	−
With Profit	107.0	112.6	---	−
Pension Fund (Accum Units)				
Managed	519.0	546.4	+3.9	−
UK Equity	607.7	639.7	+5.5	−
Overseas Eq.	587.0	617.9	+4.6	−
American	387.3	407.7	+0.2	−
Far East	595.1	626.5	+11.8	−
Property	250.1	263.3	+0.4	−
Fixed Int.	349.4	367.8	-0.5	−
Indexed Gilt	178.6	188.1	---	−

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or –	Yield Gross
[illegible] International Fd Mngrs (Ireland) Ltd				
[illegible]	$16.10	16.91	+0.18	1.80
[illegible]	$55.50	58.28	+1.02	0.00
[illegible]	$24.02	25.23	+0.32	0.00
[illegible] Fd	$18.22	19.14	+0.40	0.00
[illegible]	$59.31	62.28	–0.05	0.00
[illegible]	$24.45	25.68	+0.17	0.00
[illegible] Fund	$24.18	25.39	+0.10	0.54
[illegible]	$64.10	67.31	+0.56	1.28
[illegible] Bond	$17.57	18.45	–0.07	7.66
[illegible] Fund	$13.82	14.52	–0.14	0.74
[illegible] Fd	£0.87	0.92		1.92
[illegible] Warrant	$12.29	12.91	+0.19	0.00
[illegible]	$56.48	59.31	+0.58	1.22
[illegible] Portfolio (Belg)	£4.14	4.46		0.00
[illegible] Portfolio (DM)	$10.80	11.40	–0.05	0.00
[illegible] Fd–Sterling	£20.02		+0.01	9.69
[illegible] Fd–US Dollar	$15.59		....	4.72
[illegible]–Deutschemark	DM41.64		+0.01	7.87
[illegible]–Managed S	$46.24	48.56	–0.01	4.80
Federated International Funds Plc				
Federated Short-term US Gov't Securities Fund				
Institutional Svc Series*	$1.00		....	3.85
Investment Series*	$1.00		....	3.75
Institutional Cash Series	$100.08		+0.01	4.15

* Annualised Yield

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Gr's
TSB Trust Funds—Contd.						
UK Equity	5	145.41	145.41	157.35	+0.72	0.88
International Equity	5	123.37	123.37	131.84	+1.19	0.00
Far Eastern	5	91.61	91.61	98.32	+1.19	0.00
European	5	86.03	86.03	91.04	–0.10	0.00
Pan American	5	175.60	175.60	186.75	+2.49	0.00
TSB Gilt Fund Ltd						
Quarterly Share	3	98.40	98.40	101.69	....	9.83
Monthly Share	3	97.93	97.93	101.19	....	9.88

JERSEY (REGULATED)(**)

	Bid Price	Offer Price	+ or –	Yield Gross
Barclays Intl Funds				
Currency Funds				
Sterling	£21.79		....	9.7
US Dollar	$31.70		....	3.1
Deutschemark	DM56.30		+0.01	8.3
Yen	Y4,093		+0.001	4.0
Managed Multicurrency	£13.32	13.79	+0.08	–
Managed Multicurrency	$25.44	26.34	....	–
Bond Funds				
Sterling Bond	£0.420	0.436	....	10.6
US Government Income	$99.85	103.40	–0.30	6.7
Asian Selection Funds				
Hong Kong	$14.756	15.533	+0.171	3.0
Indonesia	$8.321	8.759	+0.188	2.5
Korea	$10.166	10.701	+0.095	2.5
Malaysia	$10.384	10.930	+0.065	0.5
Philippines	$12.451	13.106	+0.106	2.5
Singapore	$12.173	12.814	–0.131	1.0

LUXEMBOURG (SIB RECOGNISED)

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or –	Yield Gr's
Abtrust Fund Mngrs Luxembourg SA (a)						
13 rue Goethe L-1637 Luxembourg						
Abtrust Atlas Fund						
Global Cap Portfolio			$– 2.58[illegible]			
United States Portfolio			$– 3.06[illegible]			
United Kingdom Portfolio			£– 1.17[illegible]			
Contl Europe Portfolio			DM– 4.04[illegible]			
European Portfolio			£– 1.09[illegible]			
Japan Portfolio			£– 0.62[illegible]			
Pacific Portfolio			$– 2.89[illegible]			
Gold Portfolio			$– 2.58[illegible]			
UK Growth of Income			£– 1.21[illegible]			
Dollar Portfolio			$– 1.99[illegible]			
Jap Smllr Cos P'folio			$– 0.80[illegible]			
Sterling Portfolio			£– 1.05[illegible]			
Aetna Intl Umbrella Fund (a)						
47 Blvd Royal, PO Box 275, L-2012 [illegible]						
Aetna International Umbrella Fund						

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

	Bid Price	Offer Price	+ or –	Yield Gross
"WINTERTHUR" Fund Mngmt Co (Lux) SA				
WIN Global Intl Bond	Ecu112.63		–	–
WIN Global Intl Equity	Ecu101.25		....	–
WIN Global Intl Reserve	SFr213.54		....	–
World Bond Fund—SICAV (a)				
World Bond Fund	$24.70	25.95	–0.06	0.77
Inv Ad Warburg Asset Mngt London				
World Trust Fund				
Shares NAV	$9.94		–0.03	–
UNIT NAV	$49.70		–0.15	–
Yamaichi Advanced Technology Fd				
Advanced Tech	$19.22		....	–
Yamaichi 1992 OMNI Fund SICAV (a)				

	Bid Price	Offer Price	+ or –	Yield Gross
Gala Currency Funds				
Gala Hedge I	$102.75	103.53	....	–
Gala Hedge II	$205.89	209.82	....	–
Gala Hedge III	$36.36	37.11	....	–
Gala Gtd Crncy I	$77.84	–	....	–
Gala Gtd Crncy II	$80.71	–	....	–
Gala Swiss Franc	SFr82.98	84.63	....	–
Gartmore Investment Ltd				
Gartmore Fund Managers International Ltd				
Capital Strategy Portfolio				
Income Portfolio		1.03		9.42
Growth Portfolio		£1.25	+0.02	0.48
Balanced Portfolio		1.15	+0.01	1.48
Genesis Fund Managers Ltd				

	Bid Price	Offer Price	+ or –	Yield Gross
North Star Fund Managers—Contd.				
Second High Perform Fd	DKr252.0	253.0	..	–
Mixed Intl Fd	DM169.0	170.0	..	–
Invest Fd (Cayman)	DKr149.0	150.0	..	–
High Perf Fd (Cayman)	DKr171.0	172.0	..	–
Bond Fd (Cayman)	DKr142.0	143.0	....	–
Mixed Fd (Cayman)	DM136.0	137.0	..	–
High Security Fd	DKr179.0	180.0	..	–
High Income Fd	£12.2	12.3	....	–
Dollar Growth Fd	$1.45	1.46	....	–
Dollar Income Fd	$1.21	1.22	....	–
North Star International Currency Fund				
US Dollars	$14.8	14.9	..	–
Pound Sterling	£16.2	16.3	....	–
Deutschemark	DM155.0	156.0	..	–

	Bid Price	Offer Price	+ or –	Yield Gross
The Vietnam Fund Limited				
Lloyds Bank Fund Managers (Guernsey) Ltd				
NAV Dec 5	$10.00		..	–
Wardley Investment Services Ltd				
Wardley S.E. Asia Tst	$14.41	15.21	–0.06	0.88
Japanese Warrants	$4.89	5.19	+0.11	–
Asian Warrants	$11.90	12.60	–0.09	–
European Warrants	$4.84	5.13	–0.04	–
Managed	HK$10.71	11.33	....	–
Private Capital Tst	$20.77		+0.12	–
Wellington Fd Mngrs (Bermuda) Ltd				
Intl Growth Fd	$13.61	14.29	....	–
Wells Fargo U.S. IT Fund				
Wells Fargo A Shs (z)	$10.80		–0.91	–
Wells Fargo B Shs (z)	$10.58		–2.85	–
Xiphias International Investment Fd Ltd				
Xiphias Int USD	$1.0061		....	–
Xiphias Int ECU	Ecu1.0269		....	–

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium sales. s Single premium insurance. x Designated insurance plans. ε Single premium insurance. a Designated in Luxembourg as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. z Previous day's price. ¼ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Commercial Relations Department; Luxembourg: Institut Monétaire Luxembourgeois.

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Jan 30	Jan 29	Jan 28	Jan 27	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
◆Industrials	3244.86	3224.96	3272.14	3240.61	3272.14 (28/1)	3172.41 (2/1)	3272.14 (28/1/92)	41.22 (2/7/32)
Home Bonds	99.15	99.43	99.56	99.43	99.61 (17/1)	98.96 (2/1)	99.61 (17/1/92)	54.99 (1/10/81)
Transport	1368.27	1348.65	1356.32	1356.32	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	211.13	212.13	213.51	213.45	225.59 (3/1)	211.13 (30/1)	236.23 (2/1/90)	10.50 (8/4/32)

◆Day's High 3269.68 (3313.51) Low 3204.61 (3204.16)

STANDARD AND POOR'S

	Jan 30	Jan 29	Jan 28	Jan 27	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	411.62	410.34	414.96	414.99	420.77 (15/1)	410.34 (29/1)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	488.61	486.47	492.48	492.51	499.27 (15/1)	486.47 (29/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.02	34.09	34.54	34.49	35.14 (15/1)	33.82 (21/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	227.37	226.64	228.95	228.94	231.85 (15/1)	226.64 (29/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	410.92	409.64	412.71	412.48	415.33 (20/1)	395.51 (2/1)	415.33 (20/1/92)	29.31 (9/12/72)
NASDAQ Composite	621.37	616.31	621.29	621.00	630.82 (15/1)	586.45 (2/1)	630.82 (15/1/92)	54.87 (31/10/72)

	Jan 24	Jan 17	Jan 10	year ago (approx.)
Dow Industrial Div. Yield	2.87	2.83	2.89	3.88

	Jan 29	Jan 22	Jan 15	year ago (approx.)
S & P Industrial div. yield	2.59	2.53	2.52	3.20
S & P Indl. P/E ratio	25.10	25.60	25.76	16.58

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Electrocom	3,923,900	16¾	...
Glaxo	3,729,700	30½	+ ½
ADV Micro	3,416,600	19¼	- 1¼
RJR Nabisco	3,264,600	10⅛	...
Coca Cola	2,505,200	77¼	+ 5⅜
Natl Reboi	2,464,500	23¼	...
Boeing	2,142,300	52¾	+ 2⅛
Bristol Myers	2,005,100	80½	+ ¼
Am T & T	1,776,400	37¼	- ⅛
Ford Motor	1,736,000	30⅝	- ⅜

TRADING ACTIVITY

† Volume (Millions)	Jan 30	Jan 29	Jan 28
New York SE	194.670	248.900	217.070
Amex	13.823	20.912	19.336
NASDAQ	216.204	248.238	230.959
NYSE			
Issues Traded	2,180	2,202	2,199
Rises	881	650	881
Falls	808	1,042	813
Unchanged	491	510	505
New Highs	82	123	121
New Lows	9	7	9

CANADA

TORONTO	Jan 30	Jan 29	Jan 28	Jan 27	1992 HIGH	1992 LOW
Metals & Minerals	3051.55	3078.97	3140.55	3162.15	3238.87 (16/1)	2935.22 (2/1)
Composite	3605.80	3590.61	3623.25	3628.50	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1893.78	1888.35	1903.47	1907.35	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 31	Jan 30	Jan 29	Jan 28	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1619.5	1612.5	1622.1	1625.9	1675.6 (15/1)	1612.5 (30/1)
All Mining (1/1/80)	687.9	683.6	685.8	686.3	709.5 (20/1)	668.3 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	420.46	416.44	413.59	413.96	420.46 (31/1)	372.24 (2/1)
BELGIUM						
BEL20 (1/1/91)	1180.23	1176.49	1181.80	1183.78	1183.78 (28/1)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	362.47	360.96	361.40	362.63	365.29 (15/1)	354.57 (2/1)
FINLAND						
HEX General (28/12/90)	887.7	884.9	884.6	887.1	894.5 (16/1)	779.0 (2/1)
FRANCE						
CAC General (31/12/82)	504.72	502.28	508.41	503.98	508.41 (29/1)	475.53 (2/1)
CAC 40 (31/12/87)	1875.25	1873.94	1879.64	1890.60	1890.60 (28/1)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	683.17	679.34	680.93	682.58	687.20 (21/1)	643.26 (8/1)
Commerzbank (1/12/53)	1933.5	1923.0	1927.5	1931.1	1943.5 (21/1)	1813.8 (8/1)
DAX (30/12/87)	1687.49	1688.91	1672.40	1683.08	1687.49 (31/1)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4601.78	4571.47	4571.13	4506.33	4625.84 (23/1)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1453.42	1452.73	1454.43	1452.10	1469.57 (17/1)	1391.49 (8/1)
ITALY						
Banca Com. Ital. (1972)	541.37	537.81	545.07	545.31	551.03 (16/1)	507.43 (2/1)
JAPAN						
Nikkei (16/5/49)	22023.05	21557.67	21362.26	21390.52	23801.18 (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1630.94	1598.35	1584.73	1583.47	1763.43 (6/1)	1569.43 (21/1)
2nd Section (4/1/68)	2363.84	2319.90	2290.16	2283.71	2459.85 (6/1)	2283.71 (28/1)
MALAYSIA						
KLSE Composite (4/4/86)	570.64	568.75	573.28	569.84	573.28 (29/1)	546.63 (14/1)
NETHERLANDS						
CBS Tll.Rtn.Gen.(End 1983)	287.1	286.4	286.7	288.4	289.1 (21/1)	274.0 (8/1)
CBS All Shr (End 1983)	201.6	201.1	201.4	202.6	203.0 (21/1)	192.4 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	721.23	715.71	712.52	722.81	748.03 (17/1)	678.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1255.97	1251.03	1242.04	1230.59	1303.30 (17/1)	1172.78 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	411.21	412.32	413.88	414.92	416.99 (21/1)	401.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1246.09	1274.0	1274.0	1258.0	1327.0 (21/1)	1119.0 (2/1)
JSE Industrial (28/9/78)	4401.08	4423.0	4422.0	4426.0	4535.0 (15/1)	4169.0 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	680.51	664.33†	659.28	665.96	680.51 (31/1)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	255.03	253.80	253.87	255.06	258.58 (15/1)	238.93 (2/1)
SWEDEN						
Affarsvariden Gen. (1/2/37)	970.10	967.5	973.7	983.3	989.2 (28/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	774.2	772.7	773.4	779.6	779.8 (15/1)	748.5 (8/1)
SBC General (1/4/87)	626.6	624.7	625.5	631.7	631.7 (27/1)	601.1 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	(c)	5391.63	5390.05	5312.67	5391.63 (30/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	763.45	764.70	768.57	766.73	781.63 (24/1)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	526.3*	522.9	522.1	522.7	542.1 (7/1)	520.1 (13/1)

** Saturday January 25: Taiwan Weighted Price: 5298.99; Korea Comp Ex. 664.29.
a Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.
Base values of all indices are 100 except BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Profit-taking and weak data weigh on Dow

Wall Street

PROFIT-TAKING and weak leading economic indicators took their toll on share prices yesterday as US stock markets ended a difficult week on a negative note, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 4.25 at 3,240.61, although off its lows for the morning session.

The more broadly based Standard & Poor's 500 was also slightly lower at midsession, down 0.59 at 411.04, while the Nasdaq composite of over-the-counter stocks was 0.95 lower at 620.42. Turnover on the New York Stock Exchange was 116m shares by 1 pm, and declines outpaced rises by 869 to 691.

Although investors received an early lift from strong gains in overseas equities markets, the news of a 0.3 per cent decline in leading economic indicators for December set the tone for the rest of the morning.

The decline was the fifth consecutive month the index has shown virtually no change, an indication, said analysts, that the economy was unlikely to recover before mid-year.

There was further bad news in the shape of a 6.6 per cent drop in December new home sales, and a fall in the January Chicago purchasers index.

The continued weak state of the economy, and the apparent unwillingness of the Federal Reserve to contemplate further interest rate cuts, have proved a disincentive to invest in stocks this week, and yesterday profit-taking again forced stocks into retreat.

Although most defence stocks were hurt by Wednesday's news of planned defence spending reductions, Raytheon bucked the trend, rising $1 to $86 after the company won a $167m contract.

Polaroid stood out with a gain of $3¼ to $29 as more than 1m shares changed hands in the wake of the company's fourth-quarter profit of $1.16 a share, well up on the 90 cents a share earned at the same stage a year ago.

Airline stocks weakened after TWA filed for the protection of Chapter 11 bankruptcy, with AMR, parent of American Airlines, falling $¾ to $70⅞, UAL giving up $½ at $144, USAir slipping $⅛ to $16¼ and Delta falling $1¼ to $67¼.

Aetna slumped $2¼ to $41¾ amid rising concern about the insurer's exposure to the troubled real estate market, especially in the south west. The company also announced yesterday that it would be taking a $55m charge in the fourth-quarter to cover its withdrawal from the Massachusetts auto insurance market.

On the over-the-counter market, Autodesk plummeted $7¼ to $27¼ after it warned that fourth quarter net income would come in between 30 cents and 35 cents a share, well below last year's figures and a long way from market estimates.

Canada

TORONTO stocks fell slightly at midday: The TSE-300 was down 4.93 to 3,600.87 on 14.93m shares. Declines led advances by 228 to 224, while 247 issues were unchanged.

Canadian Pacific Forest Products was down C$¼ to C$25½. The Montreal-based company posted a C$464m loss in the fourth quarter, including a C$368.1m after-tax charge for mill shutdowns and restructuring. It said earnings were also down because of lower commodity prices for all of its product lines.

SHL Systemhouse rose another C$⅜ to C$13, after receiving a C$100m contract on Thursday. Bombardier was steady at C$17, and Alcan Aluminium fell C$⅛ to C$23⅞.

SOUTH AFRICA

CURRENCY-LINKED shares lost ground after Thursday's gains as the financial rand stabilised. The all-gold index shed 28 to 1,246 as world prices continued weaker. The industrial index was off 22 at 4,401 and the all-share lost 27 to 3,604.

Frankfurt takes industrial skirmish in its stride

But a prolonged and acrimonious strike by steelworkers could harm share prices, says Andrew Fisher

The ammunition is ready and the powder is dry. German trade unions have abandoned their traditional harmony of outlook with employers and made aggressive, mostly double-figure, wage claims. The Bundesbank has taken fright at the implications for inflation, now around 4 per cent – a heady rate for stability-conscious Germans – and jacked up interest rates to unprecedented post-war levels.

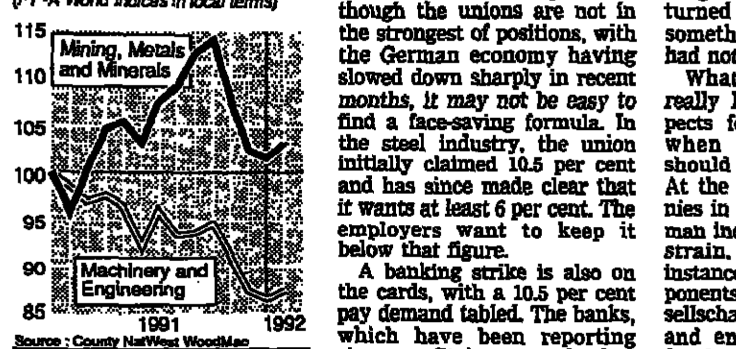
So far, the German stock market has taken all this pre-battle skirmishing in its stride. In January, the DAX index of 30 leading shares showed a gain of 7 per cent to 1,687.49 as investors looked past the present economic uncertainty to the expectations of improved export performance, more robust growth in Germany (including the new east German states) and abroad. The prospect of higher consumer spending after the tax surcharge comes off in mid-year has also helped. Analysts generally expect the index to move up to between 1,800 and 2,000 this year.

Yesterday the ballot called by the powerful IG Metall trade union came down conclusively in favour of a steel strike. The fact of a majority vote for a stoppage by the industry's 130,000 workers was never in doubt. When the chips are down, steelworkers support their union leaders. What counts now is how quickly and in what form strike action is called, how long it lasts, what effect this has on other sectors, and what the settlement is.

In a way, the threat of a strike is seen as good news in the investment community, paradoxical and cynical though this may appear. Last year, employers awarded pay deals of up to 7 per cent. Many companies were willing to pay this at a time when the economy was still booming, especially with the stimulus from east German demand, and they were working at full stretch.

This is certainly not the case today, however. Consumer demand from the east is dropping off – the domestic car market, for instance, is expected to fall by 12 per cent or more this year – and export-oriented companies in particular have been feeling the pinch. A number of companies, especially in motor components, machine tools, and engineering, have cut employment, shifted more production overseas, and slashed their dividends.

Sector indices relative to the FT-A German Index (FT-A World Indices in local terms)



Source: County NatWest WoodMac

So industry's mood is much more defiant than last year. This being so, the increased likelihood of moderate wage settlements is expected by investors to improve industry's longer-term competitiveness, bring down inflation, and thus induce the Bundesbank to reduce rates.

Before all this happens, though, a lot of water has to flow under the bridge. Even though the unions are not in the strongest of positions, with the German economy having slowed down sharply in recent months, it may not be easy to find a face-saving formula. In the steel industry, the union initially claimed 10.5 per cent and has since made clear that it wants at least 6 per cent. The employers want to keep it below that figure.

A banking strike is also on the cards, with a 10.5 per cent pay demand tabled. The banks, which have been reporting sharp profit increases for last year, have offered no more than 4.5 per cent. The negotiations that really matter for the economy, however, are those in the engineering industry. Here, IG Metall has taken a small step in the direction of moderation by recommending that regional claims do not exceed 9.5 per cent.

It will be the conduct of the steel strike that sets the tone for the 1992 wage round. "A strike that lasted less than a week would be seen as no problem at all for the market", says Mr Nigel Longley of Commerzbank. "If it went on for much longer and the atmosphere turned nasty, that might be something the stock market had not accounted for".

What many investors are really looking to is the prospects for late 1992 and 1993, when company earnings should pick up considerably. At the moment, many companies in the mainstream of German industry are under severe strain. Kolbenschmidt, for instance, the quoted car components subsidiary of Metallgesellschaft, the mining, metals, and engineering group, suffered a profits slump last year. It is halving its dividend, and has shed nearly 600 jobs in Germany and abroad.

MAN Roland, the printing equipment subsidiary of the MAN industrial group, is laying off 750 people because of its order slowdown. Kugelfischer, the bearing and industrial systems company, slid into the red last year and has slimmed its workforce by as much as 6,000. Metallgesellschaft, which has moved aggressively into environmental activities, had its growth trend rudely interrupted last year by a combination of economic slowdown, lower commodity prices, and adverse currency movements. Degussa, which is mainly in metals and chemicals, yesterday announced a dividend cut.

For companies like these, reckons Ms Katrin Kandel of Sal. Oppenheim, the German private bank, a strike at this low stage of their business cycle could be beneficial if it helps produce a moderate cost base for the later upswing. "Since they are looking a few years ahead, they could put up with a strike now".

Thus she reckons that stocks with a strong cyclical tendency like Kugelfischer, Metallgesellschaft, and the Thyssen steel and engineering group could be among the best performers when the stock market really picks up steam. "The second half of this year could be when investors start discounting better earnings". These would be fuelled by the expected cut in interest rates when the Bundesbank is happy that inflation is moving down and not up. At present, though, the central bank is not happy at all.

EUROPE

German strike ballot result unsettles late-closers

NEWS in the afternoon that German steelworkers had voted overwhelmingly in favour of a strike brought late-closing bourses off their highs, *writes Our Markets Staff.*

FRANKFURT overcame a bout of midsession profit-taking to continue its upward trend. The DAX index rose 6.58 to 1,687.49, up 1.4 per cent on the week, while the FAZ index, calculated at midsession, rose 3.83 to 688.17, a rise of 0.8 per cent on the week. Volume was estimated at below Thursday's DM6.6bn.

The luxury car manufacturer BMW jumped DM12.50 to DM536 on the back of the previous day's news that group sales rose 9.8 per cent in 1991 and should rise this year.

Steels were firmer ahead of the strike ballot results. Thyssen rose DM1.50 to DM220, Hoesch firmed DM1 to DM258 and Mannesmann added DM1.80 to DM268.80. Degussa added DM2.50 to DM335 before announcing a bigger-than-expected cut in the dividend to DM7 from DM11.

FT-SE Eurotrack 100 - Jan 31

Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1138.60	1137.73	1137.28	1137.80	1138.96	1139.74	1138.99	1137.97

Day's High 1141.36 Day's Low 1136.20

Jan 30	Jan 29	Jan 28	Jan 27	Jan 24
1131.87	1132.85	1143.22	1142.52	1131.86

Base value 1000 (26/10/90).

Commerzbank, which has lagged behind the banking sector recently, stood out with a DM5.10 rise to DM263.60.

PARIS saw its heaviest volume in about six months as stock index futures and options expired. The CAC-40 index came off the day's high of 1,895.79 to close 1.31 better at 1,875.25 in volume of FFr4.9bn.

The banking sector stole the limelight. Paribas, which announced a 1991 loss after the close on Thursday, rose FFr16 or 4.6 per cent with a hefty 783,500 shares traded. Analysts said the stock was pushed up by professional short-covering and also by news that Paribas was holding the dividend in spite of the loss.

CCF was also active following an upbeat presentation to fund managers in London yesterday. The stock rose FFr5.90 to FFr189.90 on 594,340 shares traded.

MILAN closed slightly higher after a volatile session. The Comit index rose 3.56 to 541.37, down 1.4 per cent on the week, in turnover estimated at slightly below Thursday's L97bn.

The approval by the lower house after hours on Thursday of legislation designed to protect minority shareholders during takeovers lifted shares in state-controlled companies which are earmarked for privatisation. The cement group Cementir, rose L125 or 4.6 per cent to L2,860.

Eridania gained L205 to L7,210 ahead of details of the share exchange operation with Béghin Say, its French subsidiary.

AMSTERDAM was mixed with most interest on Elsevier which finished up Fl 3.40 to a all-time high of Fl 108.00. The CBS Tendency Index moved up 0.7 to 121.7, barely changed on the week.

The strength of Elsevier spilled over into Wolters Kluwer, which gained Fl 0.60 to Fl 66.40 and VNU Fl 0.20 to Fl 83.20. Akzo, the chemical group, shed Fl 1.30 to Fl 134.00 on news that it was holding its dividend and taking a net charge of Fl 110m due to reorganisation. KLM rose Fl 1.30 to Fl 40.30 ahead of third-quarter results out next Thursday.

ZURICH ended quietly with banks recovering some of their losses after Crédit Suisse was downgraded by Moody's earlier in the week and Swiss Bank was placed on the US credit rating agency's watchlist. Swiss Bank bearers put on SFr3 to SFr300 and CS holding, parent company of Crédit Suisse, gained SFr5 to SFr1,905. The all-share SPI index rose 4.6 to 1,111.4, steady on the week. Bearer shares in Georg Fischer, the engineering group, fell SFr15 to SFr990 after it told shareholders it expected a decline in last year's profit.

STOCKHOLM finished slightly up with the slide in Volvo stock coming to an end. The Affärsvärlden General Index rose 2.6 to 970.1, but was down 1.5 per cent on the week. Volvo B firmed SKr3 to SKr381, with Procordia B unchanged at SKr198. Electrolux B were off another SKr3 to SKr236 on concerns about Tuesday's preliminary results. Turnover improved to SKr414m (SKr380m).

MADRID moved ahead with Endesa, the electricity producer, reaching an all-time high of Pta3,330, up Pta90 in volume of 264,000 shares. The general index gained 1.23 to 255.03, improving 1.5 per cent on the week. Telefónica's slide continued, down Pta15 to Pta1,145, on net profit figures below market expectations.

ISTANBUL fell for the fourth consecutive day on lack of new investment. The 75-share index was down 13.68 at 4,926.196, off some 2 per cent on the week.

VIENNA closed at their highest level since last November in lively trading. The Credit Aktien index rose 4.02 to 420.46, up 3.9 per cent on the week.

ASIA PACIFIC

Hopes of government support lift Nikkei

Tokyo

SHARE PRICES jumped on reports that the ruling Liberal Democratic Party (LDP) had announced measures to support the stock market, and the Nikkei average recouped the 22,000 level for the first time since January 10, *writes Emiko Terazono in Tokyo.*

The 225-issue average closed up 465.38 to 22,023.05, gaining 4.5 per cent on the week. The index opened at the day's low of 21,620.40 and hit the day's high of 22,343.22 in the afternoon session.

Volume rose to 330m shares from 250m, exceeding 300m for the first time since December 13. Trading was dominated by dealers and arbitrage activity.

Advances overwhelmed declines by 942 to 83 with 102 issues remaining unchanged. Of 36 sectors on the first section, 35 gained. The Topix index of all first section stocks rose 32.59 to 1,630.94 and in London, the ISE/Nikkei 50 index rose 3.61 to 1,252.80.

The index firmed at the opening on arbitrage buying, but then surged on news that Mr Tamisuke Watanuki, secretary general of the LDP, had expressed concern over the adverse effects the faltering stock market was having on the economy. He proposed that the party should prepare its own measures to revitalise the market, including urging companies to increase dividend payments and reducing tax on securities trading.

Some traders said that the proposals did not offer immediate support. "The market needed an excuse to buy," said Miss Caroline Stone at Barclays de Zoete Wedd.

Brokerage houses gained on hopes of a market recovery and higher volumes. Nomura advanced Y40 to Y1,560 and Yamaichi Securities gained Y31 to Y738.

Nippon Telegraph and Telephone closed at Y18,000 to Y701,000. Large-capital issues rose, with Nippon Steel up Y10 to Y362 and Kawasaki Steel adding Y8 to Y360. High-technology issues rose in active trading. Hitachi up Y10 to Y932 and Toshiba Y11 to Y660.

Showa High Polymer fell Y30 to Y1,070. The issue rose by its daily limit of Y104 on Thursday on hopes that its bio-degradable plastics, which go on sale next year, would be favoured by consumers.

In Osaka, the OSE average surged 556.26 to 23,638.47 in volume of 53m shares. High-priced issues with good earnings prospects advanced, but some issues fell on profit-taking towards the close. Ono Pharmaceutical fell Y70 to Y5,410.

Roundup

THE PACIFIC Rim rose on local news but was also helped by strength in New York and Tokyo. Taiwan was closed.

HONG KONG's Hang Seng index added 30.31 to 4,601.78 but was steady on the week. Volume was HK$1.80bn (HK$1.75).

Hongkong and Shanghai Bank gained 0.50 cents to HK$37.50 on the back of Thursday's strong Bank of East Asia results.

KUALA LUMPUR was encouraged by good November trade figures. The composite index gained 1.89 to 570.64, up 0.36 per cent on the week. Motor stocks recovered from Thursday's fall triggered by news of a rise in tax: UMV put on 18 cents to M$4.20.

AUSTRALIA's All Ordinaries index rose 7.0 to 1,619.5, steady on the week. Turnover was boosted by options expiries to A$348m from A$265m.

Westpac Banking jumped 16 to A$4.18 after the Australian Mutual Provident Society said it would buy more shares.

NEW ZEALAND's NZSE-40 index lost 1.34 to 1,455.05, down 1.8 per cent on the week. Lion Nathan fell as low as NZ$3.42 on rights issue fears but recovered to close 5 cents down at NZ$3.55.

SEOUL's composite index rose 16.38 or 2.5 per cent to 680.51, up 3.4 per cent on the week, on economic optimism.

SINGAPORE reversed three days of losses, the Straits Times Industrial Index up 3.65 to 1,526.84, but down 1.2 per cent on the week.

JAKARTA saw interest in banks, following news that foreigners will be allowed to invest in this sector. The index rose 6.51 to 282.24 in volume of 17.6m shares.

BANGKOK was cautious ahead of next week's Bangkok Land listing. The SET index fell 1.25 to 763.45, down 2.3 per cent on the week, in turnover of Bt6.7bn.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 30 1992								WEDNESDAY JANUARY 29 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	143.78	-0.1	120.13	114.52	121.17	128.10	-0.6	4.31	143.95	118.14	114.11	119.00	128.87	160.31	112.74	124.15
Austria (20)	172.18	-0.3	143.87	137.15	145.12	143.49	+0.7	2.01	172.64	141.68	136.85	142.71	142.52	222.37	153.86	185.54
Belgium (46)	141.04	-2.3	117.84	112.33	118.88	115.65	-0.7	5.09	144.39	118.50	114.45	119.36	116.44	151.20	118.04	135.29
Canada (115)	137.96	-0.2	115.27	109.88	116.26	117.48	+0.2	3.14	138.22	113.44	109.56	114.25	117.30	144.26	126.49	128.50
Denmark (37)	262.10	-1.2	218.98	208.76	220.88	222.17	-0.2	1.61	265.24	217.68	210.25	219.26	222.67	273.94	217.74	242.21
Finland (15)	87.75	-1.0	73.32	69.89	73.95	80.27	-0.2	3.04	88.64	72.74	70.26	73.27	80.44	125.15	73.32	101.03
France (108)	149.47	-2.3	124.88	119.04	125.95	129.60	-0.3	3.43	152.95	125.53	121.23	126.43	129.98	152.95	119.11	136.57
Germany (65)	116.91	-2.1	97.68	93.13	98.52	98.52	-0.2	2.35	119.44	98.03	94.69	98.73	98.73	125.35	94.15	114.11
Hong Kong (55)	189.47	-0.1	158.30	150.91	159.69	188.79	-0.1	4.02	189.71	155.70	150.38	156.83	189.09	191.57	119.62	130.50
Ireland (16)	167.51	-2.0	139.96	133.42	141.17	142.88	-0.5	3.57	170.96	140.32	135.53	141.33	143.66	182.46	132.88	144.99
Italy (77)	76.21	-3.3	63.67	60.70	64.22	69.38	-1.5	3.32	78.78	64.65	62.44	65.12	70.44	88.23	64.76	75.99
Japan (473)	125.43	+0.4	104.79	99.90	105.72	99.90	+0.9	0.85	124.96	102.56	99.06	103.31	99.06	146.97	118.23	128.61
Malaysia (68)	225.42	+0.1	188.34	179.53	189.97	226.20	-0.7	2.87	225.16	184.79	178.47	186.12	229.84	247.78	189.18	207.97
Mexico (18)	1532.07	+0.2	1280.04	1220.24	1291.16	5132.45	+0.2	1.02	1529.18	1255.00	1212.14	1264.08	5121.11	1532.07	534.45	572.36
Netherland (31)	150.50	-2.0	125.74	119.86	126.83	125.36	-0.1	4.31	153.63	126.08	121.78	127.00	125.51	155.74	125.70	134.94
New Zealand (14)	45.10	-0.6	37.68	35.93	38.01	44.33	-0.8	6.20	45.39	37.26	35.99	37.53	44.67	54.64	41.18	45.60
Norway (25)	180.60	-0.8	150.89	143.85	152.21	154.62	+0.2	1.68	182.09	149.44	144.34	150.53	154.29	223.24	157.08	192.15
Singapore (38)	225.49	-0.4	188.40	179.60	190.03	169.38	-0.5	2.06	226.45	185.85	179.50	187.19	170.31	228.43	151.63	171.51
South Africa (61)	245.62	-4.0	205.22	195.63	206.99	181.69	+0.4	2.72	255.84	209.97	202.79	211.48	180.98	271.99	173.00	175.25
Spain (52)	154.19	-1.4	128.83	122.81	129.94	118.45	-0.1	4.65	156.33	128.30	123.92	129.23	118.55	171.12	131.51	149.36
Sweden (25)	179.19	-2.6	149.71	142.72	151.01	156.24	-0.8	2.86	184.01	151.01	145.86	152.11	157.52	204.12	146.60	181.15
Switzerland (59)	99.38	-1.8	83.03	79.15	83.76	88.75	-0.2	2.26	101.20	83.05	80.22	83.68	88.93	103.50	82.17	93.00
United Kingdom (234)	180.33	-1.6	150.66	143.61	151.96	150.66	+0.1	4.93	183.32	150.45	145.30	151.59	150.45	187.44	156.27	169.71
USA (523)	167.97	+0.4	140.34	133.79	141.58	167.97	+0.4	2.91	167.35	137.35	132.66	138.35	167.35	171.68	125.95	139.27
Europe (812)	145.45	-1.9	121.52	115.84	122.58	122.62	-0.2	3.93	148.30	121.71	117.55	122.59	122.81	151.52	125.50	137.78
Nordic (102)	182.11	-1.7	152.15	145.05	153.47	150.91	-0.4	2.14	185.27	152.05	146.86	153.15	151.52	200.81	155.55	178.22
Pacific Basin (717)	127.86	+0.3	106.83	101.84	107.76	103.24	+0.7	1.18	127.46	104.61	101.04	105.37	102.51	145.92	117.86	128.18
Euro-Pacific (1529)	135.19	-0.7	112.95	107.66	113.92	111.68	+0.3	2.38	136.08	111.68	107.86	112.48	111.31	147.66	121.29	132.44
North America (638)	166.05	+0.3	138.74	132.27	139.97	164.54	+0.4	2.92	165.49	135.82	131.19	136.82	163.95	169.69	125.91	136.52
Europe Ex. UK (578)	124.35	-2.1	103.89	99.06	104.82	106.36	-0.4	3.20	127.05	104.27	100.73	105.05	106.75	129.80	103.58	118.28
Pacific Ex. Japan (244)	151.90	-0.1	126.92	121.01	128.03	136.65	-0.4	3.90	152.12	124.85	120.60	125.76	137.27	153.49	111.40	122.45
World Ex. US (1723)	137.36	-0.7	114.76	109.41	115.76	113.84	+0.3	2.38	138.33	113.53	109.66	114.36	113.47	148.16	122.32	132.99
World Ex. UK (2012)	143.44	-0.1	119.84	114.25	120.90	128.50	+0.4	2.31	143.64	117.88	113.86	118.75	128.03	150.58	120.06	130.61
World Ex. So. Af. (2185)	146.01	-0.2	121.99	116.30	123.06	130.14	+0.3	2.58	146.37	120.12	116.03	121.00	129.70	153.05	122.92	133.83
World Ex. Japan (1773)	159.25	-0.6	133.05	126.85	134.23	148.05	+0.1	3.30	160.15	131.44	126.96	132.41	147.85	161.90	126.69	138.25
The World Index (2246)	146.65	-0.3	122.53	116.81	123.60	130.81	+0.3	2.59	147.09	120.71	116.59	121.59	130.16	153.70	123.28	134.08

Constituent change with effect 3/2/92: Deletion: Vard B (Norway). Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)							
2pc IL 1992‡‡		135⅝	+⅛	135⅝	125⅞	1.95	8.31
8pc 1992 ‡‡		99½	—	99½	95	8.04	10.09
10½pc Cv 1992‡‡		100	—	100	98½	10.49	10.18
3pc 1992		98⅛	—	98⅛	91	3.06	8.20
Exch 12¼pc 1992		101¼xd	—	102	100	12.10	10.03
13½pc 1992		102	-⅛	104¼	101	13.22	9.65
Treas 8¼pc 1993		98	-⅛	99	94	8.36	9.55
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Exch 12pc 1998		111½	-⅛	111	104	10.76	9.84
Treas 9½pc 1999‡‡		100	-⅛	100	92	9.43	9.33
Exch 12¼pc 1999		113	-⅛	113	105	10.82	9.54
Treas 10½pc 1999		104	-⅛	105	97	10.01	9.53
Conversion 10¼pc 1999		103	-⅛	103	95	9.87	9.53
9pc 2000‡‡		97xd	-⅛	98	89	9.19	9.35
Treas 13pc 2000		119	-⅛	119	110½	10.95	9.71
10pc 2001		103¼xd	-⅛	103	94	9.66	9.44
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRITISH FUNDS - Cont.

Index – Linked	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int. (1)	Yield Red. (2)
	(b)						
Treas. 2pc '94	(102.9)	123	-⅛	123¾	115	2.85	3.77
2pc '96	(67.9)	178	-⅛	178	168	3.66	3.96
2½pc '01	(78.3)	145	—	145⅝	137	3.91	4.22
2½pc '03	(78.8)	141½	—	141½	133	3.99	4.26
2pc '06	(69.5)	143xd	-⅛	143	135	4.08	4.29
2½pc '09	(78.8)	131	-⅛	131	124	4.12	4.30
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER FIXED INTEREST

	Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON SHARE SERVICE

AMERICANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs		34 7/8xd	+1/8	35 5/8	20 7/8	14,837	1.8
♥Allegheny & W.		287p	+2	385p	218p	149.1	5.9
Amdahl		932pxd	+5	1818p	687p	1,034	0.6
Amer Cyanamid		34 1/2	+1/4	42 1/4	25 1/4	3,217	2.4
Amer Express		12 1/8xd	+1/4	17 7/8	9 1/4	5,785	4.7
Amer T & T		21xd	+1/8	24 1/2	15 1/4	27,429	3.5
Ameritech		35 1/2	+1/8	38 7/8	32 1/2	15,543	5.4
BankAmerica		22 1/8xd	+1/4	26 1/4	12 1/4	4,818	3.1
Bankers NY		34 5/8xd	-1	35 1/4	20 1/4	2,845	7.9
Bell Atlantic		25xd	+1/4	30 1/2	24 1/4	10,225	5.5
BellSouth		27 3/4	—	31 1/4	25	13,459	5.6
♥Bethlehem Steel		8 1/8xd	+1/4	11 1/4	6 1/4	619.3	2.8
Bowater		1350p	+21	1839p	1042p	486.8	6.0
CPC		47xd	+1/4	54 1/4	37 1/4	3,552	2.6
California Engy.		694p	-47	938p	420p	126.3	—
Campbell Soup	h	22	—	25	14 1/2	5,638	1.8
Chase Manhattan		11 5/8xd	+1/8	12 1/4	5 1/4	1,580	5.8
Chrysler		8 1/4xd	+1/8	9 1/4	5 1/4	2,365	4.1
Citicorp		8 1/2xd	+1/8	10 1/4	4 1/4	2,919	—
Colgate-Palm.		27xd	+1/8	27 5/8	21 1/4	3,926	2.2
Cont'l Bank		728p	+4	828p	438p	798.7	6.2
Dana		17 5/8xd	+1/8	21 5/8	13 5/8	724.5	5.1
Data General		669p	+39	1282p	203p	181.8	—
Dial		27 1/4xd	—	27 7/8	12 7/8	1,881	2.8
Dun & Brad.		31	+1/4	31 5/8	20 3/4	5,532	3.9
Eaton		38 5/8	—	40	24 1/4	1,306	3.2
Echlin		8 7/8xd	+1/8	8 1/2	5 1/2	471.2	4.7
FPL		19 3/8xd	+1/8	20 1/8	14 1/4	3,284	7.0
Fluor		26 1/8xd	+1/2	30 1/4	17 1/4	2,114	0.9
Ford Motor		17 1/4xd	-1/8	23 1/4	13	4,136	3.3
Gen Elect.		43xd	+1/8	45 1/2	28 1/4	37,253	2.7
♥General Host		464p	-10	580p	270p	—	4.2
Gillette		28 5/8xd	+7/8	45 3/4	20 7/8	6,288	1.2
Hasbro		22 3/8	+1/8	24	7 1/4	1,288	0.6
Honeywell		40 3/4xd	+1/2	40 3/4	21 3/4	2,841	2.3
Houston Inds.		24 1/8	-1/4	24 5/8	17 7/8	3,119	6.9
IBM		51 1/2xd	-3	72 1/4	46	29,465	5.3
Ingersoll-Rand		33 1/8xd	+7/8	33 1/4	18 1/4	1,717	2.2
Lockheed		23 1/4xd	+7/8	23 1/8	16 1/8	1,472	4.8
Lowe's		2264p	+82	2264p	1245p	824.4	1.4
Merrill Lynch		32 3/4xd	+1/8	39 1/4	10 1/4	3,382	1.7
Morgan (JP)		34 1/4xd	-1/4	38 1/4	21 1/4	6,439	3.6
Morris (Philip)		43 1/4xd	+1/4	44 5/8	25 1/4	39,888	2.7
NYNEX		42 7/8	+1/8	46 7/8	39	8,896	6.0
♥Pac Agric.		28p	-1/2	89p	15p	—	—
Pall		17	+1/4	17 1/4	10 1/4	1,497	1.2
Pennzoil		29 3/4xd	+1/4	46 1/8	28 1/8	1,282	6.7
Quaker Oats		38 1/4	-1/4	40 1/4	24 7/8	2,788	2.7
Rockwell		15 3/8xd	+1/4	17 1/4	12 1/8	3,888	3.4
Rep NY		23 5/8	+1/8	27 1/4	16 1/2	1,229	2.4
Sears, Roebuck		23 1/4xd	+1/4	25 5/8	12 1/2	4,864	4.8
S'thwestern Bell		34 1/2xd	+1/8	36 7/8	25 5/8	10,344	4.5
Sun Co.		16 1/4xd	+1/8	20 1/4	14 1/8	1,789	6.4
Tenneco		28xd	—	27 1/8	14 7/8	2,449	4.5
Texaco		33 1/4xd	-1/4	40 1/2	29 1/4	8,642	5.4
Texas Instr.		28xd	+1/8	28 1/8	14 1/2	1,639	0.6
Time Warner		58xd	+1/8	64 1/2	37 7/8	4,616	1.1
TRINOVA		12 1/4xd	-1/4	16 1/8	8 1/4	345.7	3.1
♥Unilab		587p	+78	587p	250p	543.3	—
Utd Tech		28 1/4xd	+1/8	31 1/2	22 1/4	3,428	3.6
♥Utiltech		181p	+35	181p	42p	—	—
US West		20 5/8	-1/8	23	18 1/4	8,428	5.7
Varity		888p	+18	1418p	578p	216.9	—
Waste Manage.		25xd	—	25 7/8	16 5/8	11,819	1.0
Whirlpool		2349p	-15	2499p	1053p	1,633	2.6
♥Woolworth		16 1/2	—	20 1/4	12 3/4	2,182	3.7

CANADIANS

	Notes	Price £	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's
♥Abbot Energy		1 7/8p	—	11p	1 1/4p	—	—
Amer Barrick		1523p	+17	1542p	953p	2,888	0.3
Bk Montreal		21 1/2	+1/4	23 1/4	13	2,588	5.3
Bk Nova Scot		1045pxd	+14	1178p	536p	2,161	4.5
♥BC Gas		842p	+12	878p	638p	—	3.8
BCE		23 5/8	+1/2	24 1/2	17 1/4	7,313	6.5
♥Brascan		920p	+2	1050p	847p	788.7	6.1
♥Breakwater		12 3/8p	+1	38p	6p	7.87	—
Can Imp Bk		1601p	+49	1616p	1180p	2,922	4.5
Can Pacific		856p	+19	1108p	758p	2,788	0.2
4pc Deb		37	—	37	30	17.3	10.8
♥Derlan		322p	+3	483p	246p	—	4.7
♥Echo Bay		468p	+27	528p	358p	486.8	1.0
♥ECD		24p	+5	181p	11 7/8p	—	—
Granges		67p	—	86p	62p	12.4	—
♥Gulf Can.		281p	+3	328p	258p	432.8	7.7
♥Hawker Sid.		11 1/2	+1/4	14 1/2	10	94.1	6.1
♥Hudson's Bay	◆	1382p	+12	2013p	876p	416.8	3.1
♥Imperial Oil		18 1/2	+1/4	29 1/4	18	3,779	5.0
Inco		17 1/2	—	23 1/8	12 1/2	1,843	3.1
♥Int Corona		344p	—	382p	316p	596.7	1.5
♥Muscocho		2 7/8p	—	4 7/8p	2p	—	—
Nova Corp Alberta		382pxd	—	494p	308p	1,888	3.8
♥Rio Algom		824p	-6	1091p	701p	388.4	5.2
Royal Bk Can		1272p	+4	1458p	1022p	3,897	4.9
♥TVX Gold		172p	+1 1/2	288p	156p	27.8	—
♥Tara Pare		2 3/8p	—	15p	1p	—	—
Toronto-Dom.		854p	+13	1048p	736p	2,571	5.0
♥Trans Can Pipe		838p	+7	979p	719p	1,292	4.6

BANKS

	Notes	Price	+ or -	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£14 1/4	—	£14 1/4	£9 1/4	3,061	6.1	◆
ANZ A$	6	177	+2	202	121	1,024	6.1	14.7
Abbey National	†	284	+5	311	211	3,651	4.3	9.6
Allied Irish I£	†	178	—	185	128	1,182	5.2	13.0
Anglo Irish £1	g	45	-3	50 1/2	42	54.2	8.9	6.6
Banco Bilbao Pta.		£16 3/8	—	£18 5/8	£12 1/2	3,561	5.8	6.9
Banco de San Pta.	†	£30 1/4	—	£30 1/4	£21 1/4	3,346	3.9	10.9

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING AEROSPACE

ENGINEERING GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+or-	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc	103½	-½	116	97	11.8		
Cap	38		68	31		33.3	-14.0
Stepped Pf	131¾	+½	131¾	113			
Zero Div Pf	171½	+1	171½	141	6.3	—	—
Warrants	8½	—	19	8	—	—	—
Scot Value	45	—	50	40¼	3.1	53.5	0.9
Sec Alliance	1204	+9	1235	882	3.9	1355.0	11.1
Second Market	224	—	238	198	8.6	255.1	12.2
Sec Tst Scot	69½	—	78	57½	5.9	72.3	3.9
Select Assets	100	—	102	71	1.2	132.3	24.3
Eq Ind Sed	114	+1	121	89	5.8	—	—
Eq Ind Sed II	114	+1	121	89	6.8	—	—
Shires	226	—	230	191	10.5	222.4	-1.6
11pc Cv Ln '03/04	£112½	—	£120½	£97½	8.8	—	—
Sam Select	91	+1	99	79	1.8	97.6	7.8
Warrants	29	—	31	19	—	—	—
Smaller Cos	87	—	95	60	1.4	82.5	18.8
Warrants	13	—	25	8	—	—	—
Sphere Inc	17½xd	—	38	17½	29.5	22.8	23.1
Zero Div Pf	68¾	+1	68¾	58¾	—	—	—
Warrants	1½	—	8½	1½	—	—	—
Strata	157	+2	157	104	1.2	187.1	16.1
Stratton	133	—	169	120	1.6	185.3	17.3
Sumit	51	—	119	50	‡	108.9	53.6
TR City of Lon	106xd	+1	121¼	90	6.6	113.2	3.7
TR Euro Growth	87	+2	104	78	1.5	97.8	13.1
Ptg Sub	53	—	68	40	2.6	—	—
TR Far East Inc	86	+2	94	66	0.5	98.6	12.8
Warrants	15	—	22	12	—	—	—
TR High Inc	99	—	115	86	8.2	97.1	0.9
Sub	33	-1	35	24	8.1	—	—
TR Pacific	82	-1	92	48	0.4	88.8	6.6
TR Prop	25	—	37	24	7.7	36.3	31.1
TR Smaller	136	+1	136	88	2.7	147.4	7.7
TR Technology	36	—	52	20	8.8	125.7	71.4
Stepped Pf	81½	—	84½	70½	8.8	—	—
Zero Pf	163	+1½	163	117½	—	—	—
Temple Bar	245	-2	270	210	6.5	276.8	10.8
6pc Cv Ln 2002	£112½xd	—	£118½	£102½	5.3	—	—
Templeton Em	190	+1	190	92	0.5	180.5	-4.7
Warrants	81	+1	81	27	—	—	—
1pc Cv Ln 2001	£187½	+2	£187½	£90½	0.6	—	—
Thornton Asian	60	—	72	55	1.1	75.9	20.8
Warrants	30	—	18	9	—	—	—
Thornton Pan Euro	28	—	31	25	4.1	31.6	11.3
Warrants	3	-2	18	3	—	—	—
Throg Dual Inc	99	—	109	93	11.8	—	—
Cap	360	—	378	260	—	650.3	44.2
Throgmorton	48	+½	64	45	8.9	67.7	28.3
Warrants	14	—	28	13	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MERCHANT BANKS - Cont.

Notes	Price	+or-	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
N/V	915	—	948	423	128.1	2.0	[illegible]
Singer & Fried	41½	+½	66	33	92.8	8.0	[illegible]
Warburg (SG)	565	+2	567	314	1,128	3.8	[illegible]
6pc Cv Pf	195	+1	196	109	93.8	4.1	[illegible]
Wintrust	233	—	353	230	19.8	5.4	[illegible]

METALS & METAL FORMING

Notes	Price	+or-	1991/92 high	low	Mkt Cap£m	Yld Gr's	P/E
ASW	139	—	278	135	192.7	10.7	[illegible]
Apollo Metals	135	—	140	113	18.6	3.4	[illegible]
Ash & Lacy	148	—	160	88	39.0	5.8	[illegible]
Barrett (H)	34	—	113	33	14.6	7.8	[illegible]
Billam (J)	84	—	109	80	1.36	6.4	[illegible]
Brasway	15½	—	19	11	11.9	4.4	[illegible]
Brit Steel	78	—	149	61	1,588	15.0	[illegible]
Bromsgrove	123	—	145	101	53.1	4.5	[illegible]
CI	28	—	35	23	22.6	10.5	[illegible]
Castings	128	—	133	78	27.4	3.9	[illegible]
Chamber & Hill	55	—	109	85	6.04	8.1	[illegible]
Clayhithe	39	—	82¾	38	8.04	8.8	[illegible]
9½pc Cv 2000	£82½	—	100	£82½	8.34	15.2	[illegible]
Cohen (A)	375	—	535	350	8.66	8.2	[illegible]
Cook (Wm)	283	—	334	203	81.6	6.6	[illegible]
Cooper (F)	63	-½	68	46	22.4	8.5	[illegible]
Cronite	39	+1	48	12	4.71	—	[illegible]
Downiebrae	31	—	37	29	6.42	4.3	[illegible]
Firth (GM)	28	—	48	18	8.44	‡	[illegible]
Garton	94	—	132	92	3.50	9.9	[illegible]
Glynwed Intl	211	-1	287	172	435.0	7.4	[illegible]
Johnson & Firth	63½	—	78	44	67.6	6.3	[illegible]
Johnson Matthey	348	-2	367	293	636.1	3.6	[illegible]
Lee (A)	104	—	141	83	34.8	7.6	[illegible]
Linread	63	+½	125	61	7.57	12.1	[illegible]
Manganese Bze	98	—	133	83	15.6	1.4	[illegible]
Meltec	137	—	160	130	8.88	4.8	[illegible]
Morris Ashby	98	—	102	53	7.84	5.8	[illegible]
Radiant Metal	59	—	110	70	1.22	—	[illegible]
Richards Grp	78	—	95	68	8.53	7.5	[illegible]
Saville Gordon	35	—	39	22	36.7	8.5	[illegible]
Stainless Metal	21	—	48	21	1.20	6.3	[illegible]
Sycamore	16	—	28	16	14.8	—	[illegible]
Thyssen DM	1025	+13	1085	1204	477.6	2.2	[illegible]
Tinsley (Eliza)	58	—	77	58	4.18	12.0	[illegible]
Triplex Lloyd	146	—	157	95	74.1	8.4	[illegible]
Utd Industries	15	—	21	12	5.87	8.9	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MISCELLANEOUS

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

MOTORS

[illegible]

OIL & GAS

[illegible]

OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

[illegible]

OTHER INDUSTRIAL MATERIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

STORES

[illegible]

STORES - Cont.

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

GUIDE TO LONDON SHARE SERVICE

[illegible]

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International

● "Tap Stock"

• Highs and lows marked thus have been adjusted to allow for rights issues for cash

† Interim since increased or resumed

‡ Interim since reduced, passed or deferred

‡‡ Tax-free to non-residents on application

◆ Figures or report awaited

[illegible]

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion

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FINANCIAL TIMES
Weekend February 1/February 2 1992

Rumbelows chain to be converted to a rental business at a cost of 800 jobs

Thorn EMI to pull out of retailing

By Jane Fuller

THORN EMI, the UK music and rentals group, is quitting electrical retailing, which has lost the company about £50m over the past three years.

Its chain of about 450 Rumbelows shops, which has not made a profit since 1986-87, will be converted to rental outlets for consumer electrical goods. About 800 head office, service and distribution jobs will go.

The shops are expected to break even once operating alongside the group's 1,000-plus other rental outlets, trading as Radio Rentals, Multibroadcast and DER. There will then be an 18-month review of the whole division which could lead to 200 store closures.

The estimated cost of the changes is between £40m and £45m, which Thorn will take as an extraordinary item in its accounts for the year to March.

Thorn had been trying to sell Rumbelows for about three years. The electrical retail market contracted by 8 per cent in 1990-91 alone and is one of the high street areas worst affected by the recession.

Rumbelows' market share of 6 per cent puts it behind Dixons, which includes Currys, electricity board shops and Comet, owned by Kingfisher.

Background..............Page 7

Mr Charles Nichols, stores analyst at stockbroker UBS Phillips & Drew, said Rumbelows' departure represented the first big shake-out in a sector suffering from over-capacity after strong expansion in the 1980s.

Thorn said it was possible that Rumbelows' sister chain Atlantis would be sold. The 45 out-of-town stores have a turnover of about £80m. Yesterday's announcement added to the interest already being shown by potential buyers.

Last year the rentals division, with 53 per cent of its £1.01bn sales overseas, made a £138m operating profit. This was, however, 26 per cent down on the previous year and Thorn admits that the UK rental market – which it claims to lead with a 55 per cent share – is declining.

To counteract this, it said: "We will test out in the Rumbelows shops the sort of options offered overseas. On the Continent and in the US, we give customers the option to buy during the rental period."

Ms Jane Anscombe, leisure analyst at stockbroker Barclays de Zoete Wedd, said Thorn was "making the best of a bad job" with Rumbelows. The elimination of losses led her to revise her group pre-tax profit forecast for 1992-93 upwards from £300m to £310m.

Thorn's balance sheet will be little affected. Last March, the ratio of net debt to net assets stood at 44 per cent on borrowings of £394.2m. By this March, gearing is expected to fall below 40 per cent.

To allay the fears of football fans, the group has promised to continue its sponsorship of the Rumbelows League Cup.

Final flutter for London's old-style dealing

The Last Post sounded for the old-style London stock market just after 4pm yesterday when the London Traded Options Market left the Stock Exchange trading floor for new premises at Cannon Bridge, writes Terry Byland.
Traders celebrated by throwing dealing papers in the air. The market's open outcry trading system, whereby deals are done in public, had maintained the tradition of face-to-face dealing which rapidly disappeared from the stock market after Big Bang in 1986, when electronic trading screens took over. The final deal was transacted by Bill Leask and John Lee, with 56 years' floor attendance between them. Their departure left silent a trading floor once alive with as many as 1,500 share dealers. It faces a less exciting future as office space.
Picture by Ashley Ashwood

Ashdown spells out coalition deal terms

By Ivo Dawnay, Political Correspondent

MR Paddy Ashdown, the Liberal Democrat leader, yesterday gave the clearest exposition to date of his conditions for entering a post-election agreement in the event of a hung parliament.

He said any agreement with one of the major parties would require that the general election now coming would be the last under the present first-past-the-post system.

A partnership with another party would also depend on agreement on a full five-year programme for government in which Liberal Democrats would expect to serve.

He dashed the idea suggested this week by Sir David Steel, the Liberal Democrats' former leader, that he might agree a pact that postponed a decision on electoral reform.

Mr Ashdown's comments were closely analysed at Westminster amid mounting speculation that the Liberal Democrats could be the focus for a crucial political negotiation if no party gains an overall majority at the election.

He did not rule out a referendum on voting reform, but said this could only be held once the necessary legislation for a new system had gone through the House of Commons.

His clarification came in a Channel 4 interview with Sir Robin Day. It was clearly aimed at stamping on Sir David's suggestions this week that the party might co-operate with a Labour government that brought in proportional representation for Scotland and a new London authority.

● A Gallup opinion poll last night gave Labour a 1.5 point lead over the Tories. The results, against last week, were Labour 39.5 per cent (up 1.5), Conservatives 38 per cent (down 2), Liberal Democrats 17.5 per cent (up 1).

Page 4
■ Poll tax policy attacked
■ Bill for disabled fails

OFT ruling

Continued from Page 1

beer orders, it said.

This would certainly involve either reducing the period or the amount of beer supplies to Brent Walker – and thus reducing the value of the deal to Allied.

Apart from the disposal of the pubs, the other main attraction for Allied was the fact that supplying the enlarged Brent Walker estate of more than 1,800 pubs would lift its share of the UK beer market by up to 1 per cent.

Allied announced last month that it had agreed a similar deal, involving the lease of 142 pubs and a supply of beers, to Burtonwood Brewery, the north-west regional brewer.

The turn of events yesterday will also cast further doubt over the government's response to its proposed merger of its brewing interests with the UK operations of Carlsberg, the Danish brewer, in a £510m joint venture, Carlsberg-Tetley.

That merger would give the combined group an 18-19 per cent share of the beer market, putting it into third place close behind Bass and Courage.

Allied Lyons' shares rose 18p to 661p but fell back to close at 649p, a gain of 6p. Brent Walker's shares closed 2p higher at 14p.

Sharp to market HDTV sets at a quarter of usual price

By Steven Butler in Tokyo

A MASS market for high definition television was brought years closer yesterday when Sharp, the Japanese electronics company, surprised the industry by introducing an HDTV receiver for about a quarter of the price of the nearest competing product.

The equipment will put HDTV within the reach of a large number of Japanese households for the first time. The television could also be a key to rekindling growth in the consumer electronics industry, which has been suffering from a lack of new products.

"It is just the type of stimulus that the industry needs," said Mr Chuck Goto, electronics analyst at SG Warburg Securities in Tokyo. "Sony and everybody else will be scrambling to match the product."

Sharp unveiled a 36-inch HDTV decoder which it will sell for Y1m (£4,475) beginning in April. The launch is timed to capitalise on the increased interest in HDTV expected to be generated by the summer Olympics, which will be broadcast in Japan in HDTV format.

An HDTV product at Y1m had not been expected for at least several years. The price had been cited by a wide range of analysts and electronics companies as a threshold. Once reached, they expect HDTV to quickly become a mass market product in Japan, allowing for greater economies of scale in manufacturing which will encourage further price reductions.

NHK, Japan's national broadcast company, began broadcasting in HDTV for eight hours a day in November, but a price of between Y3.6m and Y4m for receiving equipment has been too high for all but a few. European HDTV broadcasts are expected to begin by the middle of the decade.

Mr Goto said about 10 per cent of Japanese households would be able to afford the Sharp television. He said that historically, 10 per cent was a turning point for many consumer products, after which the market takes off.

Sharp, based in Osaka, said its own surveys indicated that up to 16 per cent of Japanese households may be prepared to buy the product at that price. Some of its competitors expressed astonishment at the price, and reserved judgment over its quality until comparison tests could be made.

Mr Masao Tomioka, chief of Sharp's high vision project team, said the cost was brought down in part by reducing the number of integrated circuits used in the signal decoder to just six semiconductor chips. By contrast, an HDTV set announced last week by a consortium consisting of Fujitsu, Hitachi, Sony, and Texas Instruments, still contained 30 chips. This was a large advance over first generation signal decoders which contained 150 chips.

Sharp has also made a compromise on the picture tube quality. Holes in a fine mask within the tube have been widened from 0.5mm to 0.7mm. The tube is much cheaper to manufacture than other HDTV picture tubes, and brighter, although there is a marginal loss of definition.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
AG Ind&Verk	703	+	13
BMW	535	+	12.5
Commerzbank	263.6	+	5.1
IndustrieWerke	310.5	+	10.5
Leifheit	482	+	12
New York ($)			
Rises			
Polaroid	29	+	3¼
Raytheon	86	+	1
Falls			
Aetna	41¾	–	2¼
Autodesk	27¼	–	7¼
Delta	67¼	–	1¾
USAir	16¼	–	⅛
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
BIC	645	+	25
Cap Gemini	292.9	+	14.9
CCF	189.9	+	5.9
Paribas	363.5	+	16.0
Falls			
Axa	916	–	19
Simco	461	–	17
Tokyo (Yen)			
Rises			
Crown	1300	+	200
Hokko Chem	1120	+	120
Kasuga El Wk	460	+	60
Nippon Fnsla Fd	525	+	55
Nitto El Wks	2700	+	280
Falls			
Fuji Rebio	1060	–	60
London (Pence)			
Rises			
Alumasc	387	+	21
Amber Day	78	+	7
ASDA	39	+	3½
Baggeridge Brick	84	+	7
Capita	300	+	13
Central Motor	130	+	5
Dixons	236	+	11
Evode	64	+	6
Polymark	33	+	3
Prism Leisure	128	+	10
Proteus	197	+	12
Rank Org	671	+	31
Sage	418	+	21
Whitecroft	101	+	11
Wyko	55	+	3
Young Brew A	485	+	18
Falls			
Elliott (B)	16	–	3½
Newmark (Louis)	45	–	10
Owen Robinson	10	–	15
Prior	6	–	4
Ranger Oil	383	–	15
Wace	104	–	64

Yeltsin call

Continued from Page 1

peace-making and peace keeping".

President François Mitterrand of France offered to make available a 1,000-strong peace keeping force at short notice. This force could be doubled within a week, the French president said. Mr Mitterrand also said all the nuclear powers would have to take part in nuclear disarmament once "their security is assured".

The special summit was also designed to bolster the prestige of the new Secretary-General, Mr Boutros Boutros-Ghali, who succeeded Mr Javier Pérez de Cuéllar this year.

The temporary and permanent members of the Security Council asked Mr Boutros-Ghali to report by July 1 on new ways to strengthen collective security and peace keeping. The declaration also suggested that the UN examine the possible role of "identifying potential crises and areas of instability".

Mr Bush said the US would fully support a greater role for the UN, which had for too long had been caught in the Cold War "cross-fire".

Mr Bush condemned the "outlaw regime" of President Saddam Hussein of Iraq and said there could be no normalisation of relations as long he remained in power. He called for sanctions to remain in place, backed by continuing UN pressure on Iraq to destory the country's weapons of mass destruction.

Wace chief

Continued from Page 1

aware potential future press speculation would focus on his family. Although Mr Clegg would deny such allegations, he felt they would be a continuing source of embarrassment to Wace, and he should therefore step down, he said.

Mr Clegg, whose mother is Irish, also resigned yesterday as a non-executive director of Anglo-Irish Bank. Mr Clegg's family holds 15 per cent of Anglo-Irish shares.

Wace said: "The directors wish to reiterate that they are not aware that the company, its investors or its directors (including Mr Clegg) have ever had any links of any sort with the IRA or any other terrorist organisation."

One institutional shareholder said: "We are not satisfied with that statement and I don't know any shareholder who is . . . . It all leaves a bad taste in my mouth. It wasn't pressure from shareholders that caused him to leave."

Reporting by Andrew Bolger, Richard Donkin, Jimmy Burns, Norma Cohen and Tim Coone

WORLDWIDE WEATHER

UK Today: Grey and misty over much of England. Fog patches will be slow to clear, and central and northern counties can expect freezing fog patches. Some hazy sunshine in western regions; cloudy over most of Scotland, sunnier in the far north. **Outlook:** Rain in the north, then brighter, little change in the south.

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	14	57	Bordeaux	S	7	45	Dallas †	S	6	43	Innsbruck	S	4	39
Algiers	S	15	59	Boulogne	C	0	32	Dublin	S	8	46	Inverness	S	3	37
Amsterdam	Fg	0	32	Bristol	C	1	34	Dubrovnik		–	–	Isle of Man	C	6	43
Athens	F	6	43	Brussels	Fg	-1	30	Edinburgh	S	3	37	Istanbul	F	2	36
Bahrain	F	17	63	Budapest	F	7	45	Faro	S	14	57	Jersey	S	7	45
Barcelona	S	12	54	Buenos Aires		–	–	Florence	S	15	59	Johannesburg		–	–
Belfast	S	6	43	Cairo	F	16	61	Frankfurt	F	1	34	Las Palmas	C	18	64
Belgrade	S	3	37	Cape Town		–	–	Geneva	C	2	36	Leeds	Fg	-2	28
Berlin	C	0	32	Cardiff	F	0	32	Gibraltar	C	14	57	Lisbon	S	10	50
Biarritz	S	12	54	Chicago †	C	1	34	Glasgow	Fg	0	32	Locarno	S	8	46
Birmingham	Fg	0	32	Cologne		–	–	Guernsey	S	7	45	London	C	4	39
Blackpool	Fg	-1	30	Copenhagen	C	2	36	Helsinki	S	2	36	Los Angeles †	S	14	57
Bombay	S	28	82	Corfu	S	11	52	Hong Kong		–	–	Luxembourg	S	7	45

		°C	°F			°C	°F			°C	°F			°C	°F
Madeira	C	16	61	Nairobi	F	24	75	Prague	S	8	46	Tel Aviv	C	13	55
Madrid	S	10	50	Naples	S	12	54	Reykjavik	F	1	34	Tenerife	C	19	66
Majorca	S	14	57	Nassau		–	–	Rhodes	F	8	46	Tokyo	Sl	3	37
Malaga	F	14	57	Newcastle	S	0	32	Rio de Janeiro		–	–	Toronto †	C	-1	30
Malta	S	15	59	New Delhi	F	20	68	Rome	S	14	57	Tunis	F	15	59
Manchester		–	–	New York †	C	6	43	Salzburg	C	3	37	Valencia	S	14	57
Melbourne	C	18	64	Nice	S	15	59	S'Francisco †	S	8	46	Vancouver †	R	8	46
Mexico City		–	–	Nicosia	F	9	48	Seoul	Sn	2	36	Venice	S	12	54
Miami †	C	19	66	Oporto	S	14	57	Singapore	F	31	88	Vienna	C	7	45
Milan	Fg	3	37	Oslo	C	-4	25	Stockholm	S	3	37	Warsaw	C	3	37
Montreal †	Sn	-3	27	Paris	S	4	39	Strasbourg	C	1	34	Washington †	C	3	37
Moscow	C	-1	30	Peking	S	0	32	Sydney	S	25	77	Wellington	S	19	66
Munich	Fg	-1	30	Perth	S	36	97	Tangier	F	14	57	Zurich	S	1	34

Temperatures at midday yesterday † Noon GMT temperatures C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

THE LEX COLUMN

A hesitant start to the year

Though London's traditional January rally did not amount to much – just 78 points on the FT-SE – the market has now risen 10 per cent from its Christmas low. This makes up all the ground lost in the preceding six weeks, when the market realised that its hopes of economic recovery were premature. After one false start, the latest rally may with luck prove the real thing.

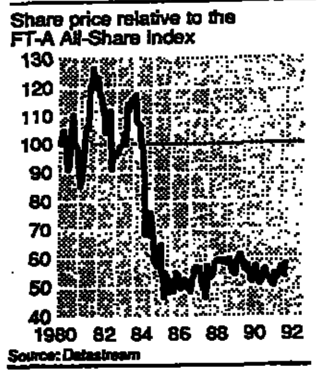
Alternatively, one could point out that the market is still well within the trading range established in the year since the Gulf war. It would only take a lurch in sterling or a couple of bad opinion polls to send it smartly down towards the lower end again. Politics apart, the defensive stocks such as pharmaceuticals are by general consent fully valued; a further strong rise would therefore need the cyclicals to join in. Having been wrong-footed lately in opposite directions by Lonrho and Rank, the market may be slow to push individual recovery stocks, especially with the results season in the offing.

On the international front, investors also have to cope with a German steel strike and fresh suggestions that US interest rates are not falling any further. For the UK market to keep rising at its recent rate, quite a lot has to go right.

FT-SE Index: 2,571.2 (+20.4)

Thorn EMI

Share price relative to the FT-A All-Share Index



Source: Datastream

Currencies

The currency market appears unnecessarily confused about the effect of a German steel strike. Ahead of the ballot result, worry that industrial unrest would worsen German economic weakness pulled the D-Mark sharply down. The currency rebounded, apparently on expectations that the Bundesbank will stay as tough as ever.

There is little logic to the notion that a weak economy implies a weak currency, unless it also means a relaxation of monetary policy. That is scarcely Germany's case, since money supply is growing outside its target range. The bank's preoccupation is not just with steel but the entire wage round, which means high rates well into the summer.

Currency investors may, however, have misread the trend in interest differentials. Expectations of a sustained dollar recovery this year rest on the assumption that the interest differential with Germany will soon narrow. But high German rates are only one side of the equation. Futures markets may be projecting tighter US monetary policy once economic recovery sets in during the spring or summer. But though the Federal Reserve hints that rates have bottomed, it would take a formidable resurgence of inflationary fears actually to raise them as the presidential election campaign hots up.

The dollar's peak yesterday at over DM1.62 thus looks overdone. So does City chatter about lower UK rates. Not only is there too much domestic political risk; renewed dollar weakness against the DM could also renew strains within the ERM. Though 10 pfennigs above its D-Mark floor, sterling is not as secure as it looks.

UK Brewing

Yesterday's statement by the Office of Fair Trading on the contentious Allied-Lyons/Brent Walker pub deal was so misleading as arguably to create a false market in both companies' shares. In announcing that the deal was not to be referred, the OFT omitted to mention that it will be hedged around with such conditions as to make its implementation very difficult. Both companies play down the scale of the problem, which is understandable given that the issue may have to be resolved in court and that the failure of the deal could finish Brent Walker. But under the conditions required by the OFT, it is hard to see how Brent Walker can afford to lease 734 Allied pubs on terms which would make it worth Allied's while.

The wider implication is that the competition authorities are making a fresh attempt to bring the industry to heel. The Allied/BW deal is a minnow compared with the otherwise very similar Courage/Grand-Met arrangement, which slipped through before the authorities grasped which way the industry was headed. It now sounds as if all agreements on the supply of beer will come under close scrutiny, while the current OFT inquiry into beer pricing may turn out more than a formality. The OFT ruling on the Allied/Carlsberg brewing merger, due in a fortnight or so, will also bear close attention.

Given the costs incurred by the brewing industry in conforming to the new regime, it is possible to feel a twinge of sympathy. But its attempts to recoup the losses, by price rise or merger, have been so crude as to make further official measures almost inevitable. From the investor's viewpoint, the sector looks more risky and turbulent than ever.

Thorn EMI

Any change in the high street landscape is guaranteed to make headlines. But yesterday's announcement from Thorn EMI that it is pulling out of UK electrical retailing is less dramatic than it seems. Thorn never made any secret of its wish to get rid of Rumbelows, which has been losing money steadily for five years.

The best solution would have been to find a buyer for the whole business. Not surprisingly in such an overcrowded sector, there were no takers. Shutting the operation was ruled out by the length of some of the unexpired leases and the size of the write-downs involved. In the event, a compromise has been reached which should result in the sale of 50 out-of-town Atlantis outlets and the incorporation of perhaps 250 of the remaining 450 Rumbelow stores into Thorn's existing UK rental activities. There are obvious risks at this stage in the cycle, not least in the fact that Granada is also sharpening up its act. But even assuming that concepts like rent-to-buy prove less appealing than Thorn hopes, the cost of further slimming will be cheaper with the passage of time.

The issue for investors is not so much when the likely £40m-£45m extraordinary charge for the year soon ending will be recouped above the line. The question is whether Thorn's new premium rating can be sustained. A prospective multiple 15 per cent above the market average can perhaps be defended on the grounds of the company's defensive strengths. The danger is that the shares, resting on the fortunes of two solid cash generators, will be eclipsed when the time comes to buy the cyclicals.

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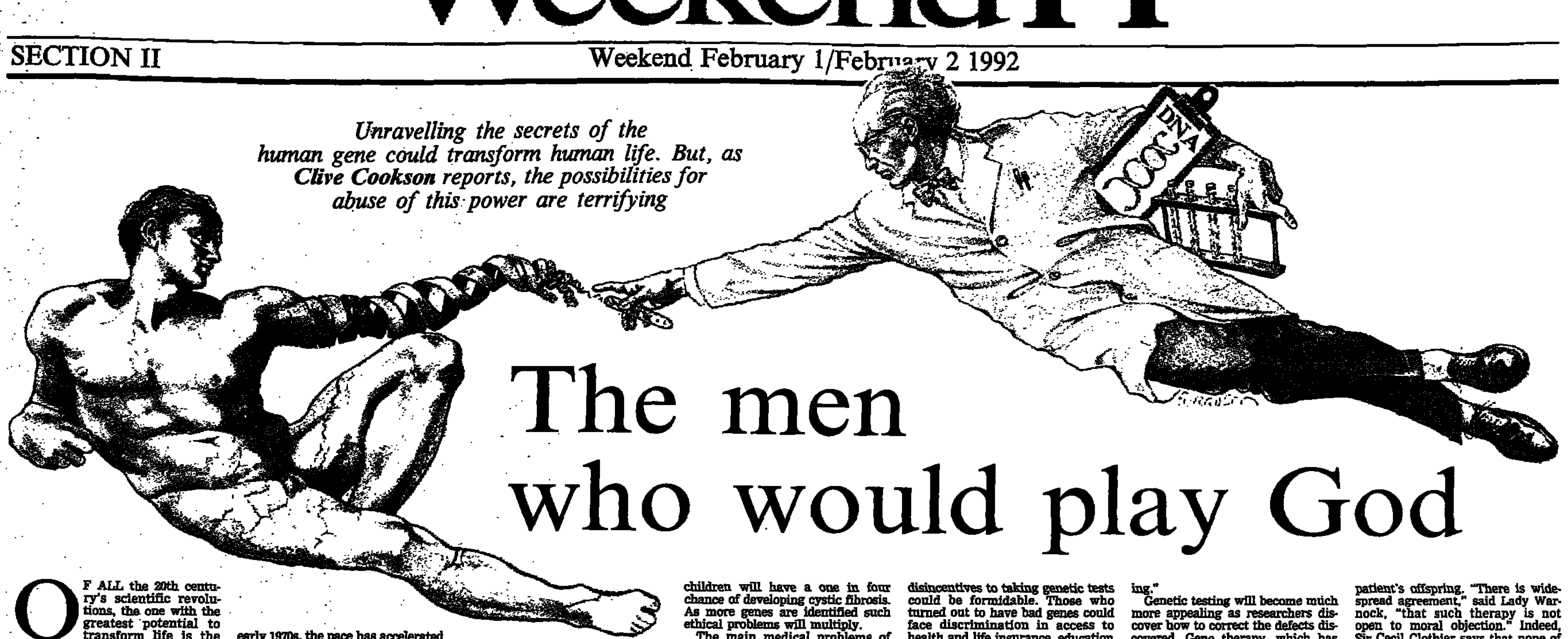
Weekend FT

SECTION II

Weekend February 1/February 2 1992

Unravelling the secrets of the human gene could transform human life. But, as ***Clive Cookson*** *reports, the possibilities for abuse of this power are terrifying*



The men who would play God

OF ALL the 20th century's scientific revolutions, the one with the greatest potential to transform life is the unravelling of the secrets of human genes.

Within 15 years, scientists expect to have decoded all of the 100,000 genes which are the blueprint for individual development from the foetus until old age. This information, encoded chemically in every living cell, is stored in spiral ribbons of DNA (deoxyribonucleic acid), which is analogous to computer tapes. Decoding them could confer an almost Godlike power to foresee – and to change – an individual's destiny. The question whether this power will be used for good or ill raises deep moral issues which will result in fierce debate as the technology improves.

The practical development of genetics is, however, no more advanced than electronics was in the transistor age of the 1950s. Very few people have had direct personal experience of genetic medicine and research efforts in hundreds of laboratories around the world are dimly understood in the world outside.

The genetic revolution has therefore made little impact on the public imagination, says Dr Steve Jones, head of the genetics department at University College, London, who tried to bring home its implications in his recent Reith Lectures on BBC Radio. "But it is going to have a dramatic effect on many people. You will be able to get a good idea of what you are going to die from and when – or, to be more positive, to know what diseases you are at risk from so that you can avoid them."

Research is coordinated through an international programme, the Human Genome Mapping Project, with total expenditure estimated at $3bn (£1.6bn) over the next 15 years. Since gene mapping started in the early 1970s, the pace has accelerated rapidly. Scientists have now located about 2,700 genes, including those responsible for common inherited diseases such as cystic fibrosis, muscular dystrophy and haemophilia – and the gender gene which determines whether the embryo becomes a boy or girl.

Practical uses of the new genetic knowledge fall into two broad categories: testing or screening to discover whether an individual is carrying particular genes; and therapy to change a person's genes. Both bring the promise of immense medical benefits, balanced by terrifying possibilities for abuse.

The embarrassing record of some of their predecessors in the 1920s and 1930s, who were only too willing to advocate eugenics and racial purity, has increased the reluctance of today's researchers to speak publicly about human genetic engineering.

"There has been an astonishing shift of attitude over the last 50 years," Jones observes. "In the 1930s, when genetics was a series of prejudices and our information was effectively zero, the scientific literature was full of proposals for eugenics. Now that we are gaining the knowledge to 'improve the human race' people don't want to think about it."

Pre-natal testing is already available in about the eighth week of pregnancy for several disorders caused by single genetic defects, including cystic fibrosis, phenylketonuria, muscular dystrophy and thalassaemia. If the defective gene is present, the mother is offered an abortion. Extensive genetic testing for thalassaemia, a severe form of anaemia common in the Mediterranean region, has greatly reduced the incidence of this disease.

For those opposed to abortion, this form of preventative medicine is unacceptable. But the medical profession regards it as morally equivalent to – and a great practical improvement on – amniocentesis, a cruder and more limited non-genetic test for foetal abnormalities which is offered to older mothers.

At the same time, foundations are being laid for genetic screening of the general population. The UK Medical Research Council is sponsoring five trials of screening for cystic fibrosis, the UK's most common serious inherited disease, which clogs the lungs with a thick mucus and kills most sufferers before the age of 30. Participants simply have to wash out their mouths to provide enough cells to test for the defective gene.

The genetic revolution . . . means you will be able to get a good idea of what you are going to die from, and when

"We are examining whether we can deliver an acceptable model of mass screening," says Dr David Brock, professor of human genetics at Edinburgh University. "Any type of screening has the capacity to disturb as well as reassure. Being told that they are a carrier of a CF gene may be quite upsetting to some people, however carefully they have been prepared." Those taking the tests are told that people carrying one copy of the defective gene are quite healthy, but if they marry someone with the same defect the children will have a one in four chance of developing cystic fibrosis. As more genes are identified such ethical problems will multiply.

The main medical problems of western society – cancer, heart disease and mental illness – result from a complicated interaction between genetic and environmental factors. Genetic testing may reveal an unusual susceptibility to alcoholism or schizophrenia, heart attack or lung cancer, but predictions may be uncertain.

A pregnant woman told unambiguously that her baby will suffer from cystic fibrosis is likely to opt for abortion. But what decision will she make if, for example, she is told there is a one in five chance of the baby growing up schizophrenic? For adults, genetic testing could throw up disturbing uncertainties. If we had a full print-out of our genes, all of us would discover that we carried several potentially lethal recessive genes (which have no effect unless the other parent has a similar gene).

On the other hand a genetic print-out, properly interpreted, would give everyone a personal guide as to which activities could be harmful and which might be safely indulged. You might be told, for example, that you can eat fatty foods freely, having no disposition to heart disease or bowel cancer, but must avoid alcohol because you are susceptible to alcoholism. Advice based on one's own gene pattern could be much more persuasive than today's generalised do's and don'ts.

But unless social attitudes and the legal framework change, the disincentives to taking genetic tests could be formidable. Those who turned out to have bad genes could face discrimination in access to health and life insurance, education and even employment, if the information were made available to other people.

It is easy to imagine computer-technology, including artificial intelligence, being combined with genetic screening to draw conclusions about people's suitability for particular jobs or careers. Large companies may build up a genetic database of their staff and discover that employees with certain gene combinations do well and others do badly. That might sound an alarming echo of Huxley's *Brave New World* or a route to better career counselling, depending on the point of view. Even the deepest personal relationships could be influenced if genetic testing for disease or compatibility were accepted in some cultures as a precursor of marriage.

Many researchers agree with Sir Walter Bodmer, director of the Imperial Cancer Research Fund and president of the International Human Genome Mapping Organisation, that a new legal framework is needed for genetic medicine. But the interested parties are nowhere near reaching agreement about its content. Life insurance executives, for example, have already objected to the idea, proposed by some geneticists, that companies should banned from discriminating against known carriers of genetic disease.

The need for legislation will become all the greater if genetic screening – voluntary in today's experimental programmes – eventually becomes compulsory. "In the long run," said Baroness Warnock, the moral philosopher who chaired the highly influential Committee of Inquiry into Human Fertilisation, "it seems to me inevitable that everyone will be obliged to submit to at least some compulsory screening."

Genetic testing will become much more appealing as researchers discover how to correct the defects discovered. Gene therapy, which has been pioneered in the US, involves introducing non-defective genes into particular cells to replace the ones carrying the disease.

The first patient was a four-year-old American girl, who had to be kept apart from other children because one defective gene in her immune system meant that she had no natural protection against infection. In September 1990 she was given a transfusion of about a billion of her own blood cells, to which copies of the correct gene had been added. Her immune defences are now strong enough for her to attend school.

Since then half a dozen other gene therapy studies have got under way in the US, and European researchers expect to launch their own trials. Last month the UK government's Committee on the Ethics of Gene Therapy, chaired by Sir Cecil Clothier, the distinguished lawyer, recommended approval for gene therapy trials.

Cystic fibrosis is one of the most important targets for gene therapy research on both sides of the Atlantic, and animal tests of potential treatments are already under way. Scientists at the US National Institutes of Health have used a genetically altered virus to carry correctly functioning copies of the CFTR gene – which is defective in cystic fibrosis patients – into the lungs of laboratory rats. If the technique works in monkeys, too, trials of human gene therapy for cystic fibrosis could start as soon as 1993.

All these experiments involve "somatic gene therapy." This corrects the defect by adding new genes to the cells where they are needed – for example, in the bone marrow or lungs – but the genetic change is not passed on to the patient's offspring. "There is widespread agreement," said Lady Warnock, "that such therapy is not open to moral objection." Indeed, Sir Cecil Clothier says that none of the religious groups – Christian, Moslem and Jewish – giving evidence to his committee objected to somatic gene therapy.

But "germ line gene therapy", which would affect future generations, is generally regarded today as medically unpredictable and ethically unacceptable. It is unlikely to be approved anywhere in the world, at least for a few years.

An experimental procedure equivalent to germ line therapy is used to make "transgenic" animals – for example, sheep which produce valuable human proteins in their milk. But the technique, which involves injecting genes into newly fertilised embryos, is too crude for use in humans. There is no way of controlling how many copies of the new genes are taken up, nor of directing where they are incorporated in the embryo's existing genetic material.

However, if scientists develop a more precise technique for eliminating a defective gene and replacing it with a correct copy, then germ line gene therapy will seem irresistible. If, for example, it became possible safely to eradicate cystic fibrosis for ever, it would seem absurd to screen each generation for the defective gene.

The question then is whether we would have taken the first step down a slippery slope, leading eventually from eradication of inherited diseases to genetic enhancement of sought-after traits such as intelligence, beauty and athletic prowess. Improving mankind may seem an enticing prospect. But as Lady Warnock said: "We all fear, and not without reason, that one day such power might be exercised not by benevolent doctors but by political tyrants who would use us for their own ends."

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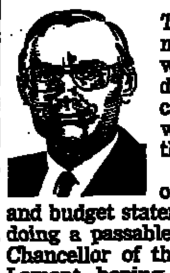
Thirty-something blues



THE MOST powerful man in the world this week found that his debt problems had caught up with him. So what hope is there for the rest of us?

George Bush's State of the Union address and budget statement left the President doing a passable imitation of our own Chancellor of the Exchequer, Norman Lamont, hoping that the recovery will come along soon – by the spring, with any luck. With the federal deficit projected to swell to $400bn (£220.9bn) his scope for boosting the economy through tax cuts has been unimpressive, despite a certain amount of advance publicity which had promised something more exciting.

Lamont himself has had marginally more room for manoeuvre. The UK government's strong financial position after the budget surpluses of the late 1980s has allowed public spending to be raised significantly, if surreptitiously. And last Wednesday's unofficial Green Budget from the Institute of Fiscal Studies and Goldman Sachs suggested that the Chancellor might be able to give £2bn away through tax cuts in his pre-election Budget, although this could with equal accuracy be presented as borrowing £2bn more. But Lamont will surely have to drop his pretence of aiming to balance the budget over the whole economic cycle, just as the Americans have had to admit that there is no foreseeable prospect of balancing the books in the US either.

The mountain of private sector debt created in the 1980s is now casting a lengthening shadow. Gloomy pundits are drawing the parallel with the excesses of the 1920s, which culminated in stock market crashes and a wave of frauds, and created an overhang of unrepayable debt which led directly to the slump of the 1930s.

It will not be quite the same this time around, because the monetary authorities are determined to prevent the collapse of the banking system and the severe contraction of the money supply that led to the falling prices and shrinking production of the '30s. This time the Americans, for example, have bailed out busted financial institutions and the Federal Reserve has slashed short-term dollar interest rates down to around 4 per cent. But the conjurors have to come up with their next trick; having rescued the private sector from the immediate consequences of its misjudgments, they must make the finance materialise. It is now the public sector debt mountain that we must fear.

Depressions, according to the debt deflation theory, happen because the burden of servicing debt becomes crippling. Consumer demand falls back because people are no longer willing to go on increasing their borrowings, and may want to reduce them. And developments in the asset markets, especially property, may be more critical: as values tumble the borrowers, and then in turn the banks, may become insolvent.

Not every country in the world has followed this well-trodden path to potential ruin, but the US and the UK have, and so has Japan, where the inflation of asset prices became notorious during the 1980s. Fortunately, the Japanese government is still quite comfortably placed financially, but it has to cope with by far the biggest private sector bubble. Significantly, the Tokyo market is struggling in 1992, although it brushed aside the 1987 crash which laid Wall Street so low; in contrast, Wall Street is now booming again, although without very distinct means of support.

So far the various efforts around the world to prop up the banking system have had reasonable success. True, the monetarists are worried that growth of the real money supply is still too sluggish to be compatible with significant economic recovery. Whereas real broad money expanded typically at the rate of about 5 or 6 per cent a year in the Group of Seven leading world economies in the prosperous years of the mid-1980s, the rate had slipped to about zero by 1991. However, this is not remotely as bad as the minus 10 per cent or so which would go with a full-scale global slump: the real US money supply fell by something like 40 per cent in the 1930s, as thousands of banks locked out their depositors.

But how long can governments keep pumping capital into insolvent banks, and generally maintaining excess spending programmes in order to prevent economic contraction? If they finance all this through the bond markets they will drive up long-term interest rates and crowd out the private sector, including the banks, which will find it hard to attract deposits at the low interest rates which cautious slump-time borrowers might be willing to pay.

Alternatively, the governments could finance themselves through the banking system, though it could take an indeterminate period before monetary expansion became effective in boosting the real economy. You could not confidently predict the trade-off between real expansion and inflation.

In the end the world economy emerged from the slump of the 1930s because of the war, which not only directly boosted output but led to the massive destruction of accumulated capital in Europe and Japan. For a generation afterwards that left the largely undamaged US as the global powerhouse where returns on capital were high and economic growth seemed the most natural thing in the world. Only by the 1970s and, especially, the 1980s did the US and other major economies need to resort to injections of the drug of debt in order to maintain the fading momentum.

Now the US is under great pressure from more competitive economies in Asia and Europe. Some of its core industries are struggling and the level of profits has tumbled: Wall Street is assuming that this is only a temporary problem, but such optimism might prove misplaced if we are dealing not with an ordinary economic cycle but a supercycle.

Only from a lofty historical point of view can we be reasonably sure of the scale of the problem: a daily newspaper is much too close to the action. In New York last weekend the G7 finance ministers claimed blandly that economic prospects were improving.

But when the President of the United States can only make quite feeble proposals in an election year to dig his economy out of a trough you have to worry that history has taken effective command.

London Markets

The ticking of the hidden clockwork

By Peter Martin, Financial Editor

THE turn-of-the-century spy novels of John Buchan give the impression that public events form a thin veneer over a whirling clockwork mechanism of intrigue, in which nothing is what it seems, and every innocent milk-cart or postman is no more than a cog in a world-wide conspiracy.

Eighty years on, the Company News Service of the London Stock Exchange appears to have taken up where Buchan left off, full of unexpected references to a clandestine world of spies and terrorists. Last year, it was Robert Maxwell and his alleged links with Israeli intelligence. This week, it was Wace, the pre-press printing services group, denying rumours about a connection with the IRA – rumours that eventually led to the departure of John Clegg, Wace's managing director.

The company's statement on Friday, reporting Clegg's departure, emphasised that the rumours were entirely unfounded. None the less, the statement said, the rumours' persistence had led Clegg to conclude that he would best serve the company's interests by resigning.

Over the past five years, Wace's share price has risen from 69p to a peak of 418p in July 1989. The shares were trading at 177p a week ago, before the *Sunday Telegraph* reported that an unnamed rapidly growing public company was under investigation for laundering funds for the IRA. On Monday morning, Wace's share price fell from 177p to 155p in relatively heavy trading. The company put out a statement denying any connection with the IRA, and the shares recovered to close at 166p. By Thursday night, the shares had recovered to 168p. On Friday morning, Wace announced Clegg's departure, and the shares lost 38 per cent, to close at 104p.

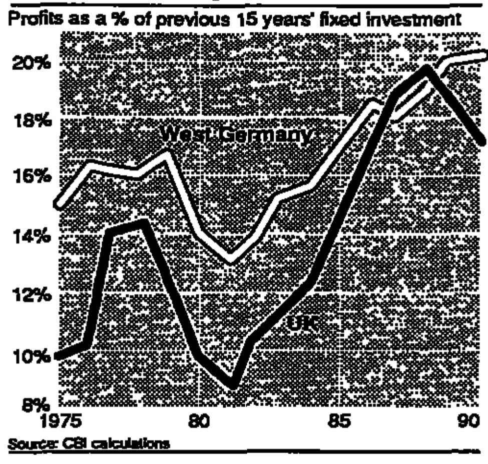
The John Buchan view of the world was at work elsewhere this week – for example in the CBI's January industrial trends survey. Stolid Midlands businessmen, filling in their CBI forms, have succumbed to the Californian persistence with which the organisation urges on them the question "yes, but how do you *really* feel?".

As the chart on the right shows, although their expectations of their own forthcoming output have dipped only slightly, their assessment of how everyone *else* feels (in answer to the question "what is the trend of general business optimism") has worsened much more sharply.

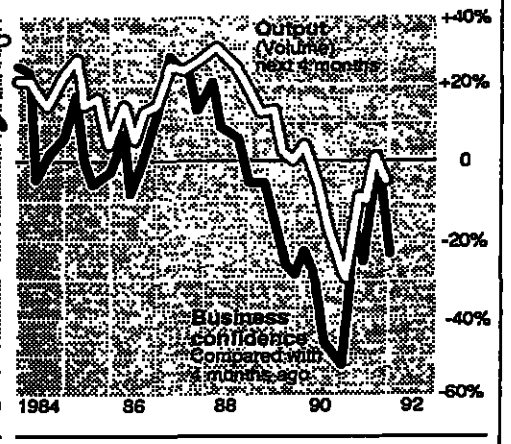
In the depths of the recession, business-people have clearly started to judge the outlook less by their own everyday experience of sales-calls and orders than by the workings of some hidden clockwork.

Manufacturing profitability

Profits as a % of previous 15 years' fixed investment



Business Confidence



Source: CBI calculations

The stock market has been listening to a different set of muffled tickings this month, wrong-footing those who thought December's sharp recovery would pre-empt the usual January rise. The FT-SE index closed at 2,571.2 yesterday, up 60.8 on the week and 3 per cent on the month. At one point yesterday, it touched 2,580.2. It is now back to the levels reached last August, just before the – mistaken – belief in an immediate economic recovery sent it to record levels in September.

Favourable opinion-poll results for the Conservatives took some of the credit. So did the strength of the pound; though it is only just above its ERM minimum against the Spanish peseta, it is a good ten pfennigs clear of its D-Mark floor, which is arguably the rate that matters. Early in the week, there was talk that a cut in UK base rates from their current level of 10.5 per cent might be on the way. Friday, the usual day for interest rate changes, came and went without any such move, however.

Tiny Rowland – who might, come to think of it, have steped out of Greenmantle or Prester John – was again in the news, as shareholders in Lonrho recovered from last week's dividend cut. An *FT* report that Lonrho is to lose control of UK import and distribution of Volkswagens and Audis from the end of 1993 had only a short-term impact on the shares; they closed at 123p, up 2p on the week, down 21 per cent since the beginning of the year.

Two other swashbuckling figures, Lord Hanson and Lord White, revealed some of the inner workings of their empire, by announcing that they do not plan to bid for ICI. Nine months ago, before Hanson bought a 2.8 per cent stake in the chemical company, ICI was trading at 1100p. Its shares closed on Friday at 1275p, up 30p on the week, and 16 per cent higher than before the Hanson stake-building exercise, during which period they have outperformed the market by 13 per cent.

As one intriguing mystery ended, another began: the market became convinced that someone was building a stake in Fisons, the pharmaceutical company that has run into problems with America's drug regulators and recently lost its chief executive. The shares closed at 394p, up 59½p on the week and 21 per cent higher on the month.

In one respect, the week was a triumph for the prosaic, non-Buchan view of the world. For years, economic conspiracy theorists have wondered why, if big British companies routinely show up as among the world's most consistently profitable, the earnings of the corporate sector as a whole should do so badly on international rankings of return on capital. Surely this must reflect some hidden weakness in corporate Britain? Not so, said the CBI this week. Those international rankings have got it all wrong: if you compare like with like, British profitability is perfectly adequate.

In one respect, though, the hidden universe of paranoia overlaps with the mundane world of industrial reality: as the chart on the left shows, there was a steady gap between British and German profits for all but the most ebullient year of the 1980s; and UK profitability has now turned sharply down. Meanwhile, off the coast, a submarine silently waits . . .

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991/92 High	1991/92 Low	
FT-SE 100 Index	2571.2	+60.8	2679.6	2054.8	Opinion polls favour government
BET	151	-20	233	67	Further forecast cuts
Body Shop	354	+31	371	178	Favourable comment
Eurocamp	311	-21	338	225	Poor results
Eurotunnel units	460	+28	543	344	Switching from P&O
Fisons	394	+59½	515	294	Bid talk/Positive trading news
GRE	140	+16	238	98	Takeover speculation
Medeva	276	+28	284	73	Strauss Turnbull recommendation
National Power	227	+16	235	185	County recommendation
Rank Organisation	671	+48	779	548	Good results
Reuters	1128	+60	1140	673	Dealing system hopes
Scottish TV	765	+50	765	257½	Buying on economic recovery
SmKl. Beecham A	950	+62	977½	589	Analysts' positive recommendations
Taylor Woodrow	114	-18	289	105	Broker downgrades
Volex	305	+33	305	221	Broker visit to company

Serious Money

Life salesmen? Bah, humbug!

By Philip Coggan, Personal Finance Editor

THE LIFE industry has been manning the barricades ever since this newspaper highlighted a SIB study which revealed appalling lapse rates on certain policies. Just to repeat the figures, in case you missed them: the study found that up to 45 per cent of policies sold by direct or tied agents are terminated within two years. The equivalent figure for independent financial advisers is a better, but still dreadful, 22 to 32 per cent.

Anyone who surrenders a policy within two years is likely to get back only a fraction of the premiums paid because the life company has given the money, in the form of commission, to the salesmen and weights all the charges to the early years.

This SIB study has been attacked on two fronts. The first is, simply, that the figures are wrong. That is, of course, a perfectly reasonable argument. But SIB's information was culled from returns filed by the life companies themselves to the Department of Trade and Industry. The reason SIB commissioned the study was the complete absence of publicly available statistics on the subject.

The second line of attack is that, even if the figures are right, they are not due to bad selling practices. No, sir. They are due, instead, to the UK recession.

Of course, a life insurance salesman could not have expected a recession within the 25-year lifetime of his product. He could not have expected a substantial number of his clients to become unemployed, or get divorced, or meet some other change in their circumstances that made it impossible to keep up their payments.

In other words, blame life itself, not life salesmen. Bah, humbug!

Whose fault is it that the most-promoted of all financial service products is so inflexible and biased so heavily against those who cash-in early? Whose fault is it that the product is so complicated, with three different rates of bonus on some products and two types of unit on another? Only in the life industry could a product described as "unitised with profits" be hailed for its simplicity.

A further point made to me is that the life companies are more concerned about bad selling practices than anyone. Bah, double humbug! If you run an industry where large numbers of salesmen are paid solely by commission, you can-

'How can a tied agent possibly call himself an adviser?

not claim to be surprised if those salesmen use hard-selling tactics.

In my personal experience, I have been told that my failure to sign for a life policy immediately was due to "a psychological inability to make decisions." I have been told not to discuss taking out an endowment with my wife because "women don't like long-term financial commitments." And I have been called at home by a man claiming to do "market research on inflation" who turned out, of course, to be selling insurance.

I sat through one presentation by a woman who knew I was a financial journalist. Nevertheless, she worked through her obviously prepared script which culminated in the ringing phrase: "What you need is capital" – whereupon she clinched the argument by writing the word "capital" on a piece of paper and drawing a circle round it.

When I told her I was not interested, she demanded that, in return for "all my efforts," I should give her the names and addresses of all my friends so she could contact them.

Admittedly, all this occurred before the Financial Services Act. But I suspect the tactics simply have altered, rather than improved. My colleague, Scheherazade Daneshkhu, toured the building societies last year looking for a mortgage. Her circumstances obviously made a repayment or interest-only mortgage most suitable, but a Woolwich "adviser" persisted in pushing an endowment which, she claimed "is more of a reality."

Nor has the FSA put a stop to the practice of those who are really salesmen passing themselves off as "advisers." There are some independent advisers who genuinely live up to their name – but there are others who are just the un-tied salesmen of life companies.

How can a tied agent, who cannot recommend anything but the products of his own company, call himself an adviser? As one lady, whose life has been ruined by the activities of a salesman, said to me recently: "I thought he was an adviser who was on my side. If I had known he was a salesman, I would have had nothing to do with him."

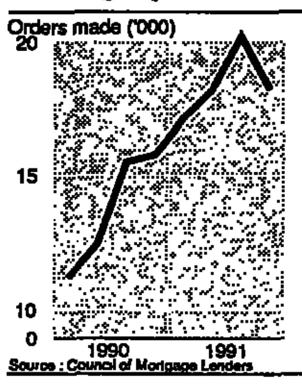
There is absolutely nothing wrong with the concept of straight life insurance. Indeed, more people should have it and there is a simple product, called term insurance, which can provide it. But there is no need to mix-up the concept of life insurance with savings, especially in a form which takes such a long time to give the policy-holder full value. Recent trends have exacerbated this tendency, with bonus cuts concentrated on policies of 10, rather than 25, years and with terminal bonuses assuming an increased proportion of policy value.

How many of us can, with hands on our hearts, feel certain we will keep up payments on a policy for 25 years? How many of us really feel that such a commitment is tailored ideally to our needs? And yet, the industry which is devoted to selling these products is supposed to be providing "best advice." Bah, humbug to the power of infinity!

AT A GLANCE

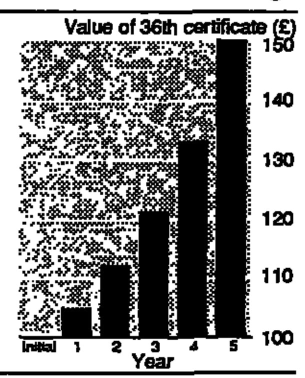
Housing repossessions

Orders made ('000)



National savings

Value of 36th certificate (£)



Source: Council of Mortgage Lenders

A rise in repossessions

Home repossession orders issued by county courts in England and Wales increased by 35 per cent to 73,792 last year from 54,718 in 1990, according to the Council of Mortgage Lenders using figures issued by the Lord Chancellor's office this week. The figures do not include "voluntary" repossessions as these do not need a court order. The Building Societies Association says it expects its figures, which cover the whole of the UK, to total 80,000 actual repossessions for 1991. However, there were signs of improvement in the last quarter of 1991 when orders made fell to 18,171 after a steady rise through the year to a peak of 20,218 in the third quarter.

National Savings made easier

Investors can now buy National Savings direct from the office in Durham. Coupons are being published in newspaper adverts; if you cannot find a coupon, call the Freephone line on 0800-868-700. The graph shows how the value of the 36th certificate, currently on sale, builds up tax-free over five years; the average annual return over the full period is 8.5 per cent.

Standard Life bonuses

Standard Life has announced bonuses on its with-profits policies which should keep it at the top of the performance tables. However, it signalled that bonuses might have to come down next year by reducing the "interim" bonus which would be payable if people needed to claim life cover from the policies during the next year. Assuming that the policies were started by a 29-year-old man paying £30 monthly premiums, a 25-year endowment would pay £66,087 (up slightly from £65,858) on maturity, while a 10-year endowment would pay £7,672 (down from £8,336). The reversionary bonus rate on pension with-profits policies has been maintained at 5.75 per cent.

Honesty pays for TSB

The TSB has set a shining example to the rest of the savings industry by telling its customers in full when a new account is superseded by an old one. It has launched a 60 Day Notice Account which will pay 10 per cent gross on balances of £5,000 and upward. There must be an initial deposit of at least £500. Interest can be paid yearly or monthly according to choice, and account holders will be offered either a passbook or cash machine card and statement service.

The 60 Day Notice Account replaces TSB's Special Notice account and all customers are being automatically upgraded. Letters informing them of the change went out this week, a move which contrasts with claims by some building societies that it is not practical to notify all customers individually about account changes. TSB says the new account is a better deal for savers, with a reduced notice period and a minimum opening deposit of £500 instead of £2,000.

Scottish Life cuts pension costs

Scottish Life has reduced the administration charges on its Talisman personal pension scheme, with a resulting enhancement in benefits. At the same time, it is introducing a so-called Retirement Investment Strategy which is designed to be more suitable for pensioners' needs. Contributions in the early years will be fully invested in UK equities in order to get maximum growth. As the individual gets within 15 years of retirement, money will be switched into a managed fund. In the last five years before retirement, the fund will be switched into fixed interest and deposits for maximum safety.

Small rise for smaller companies

The Hoare Govett Small Companies index (capital gains version) rose 0.3 per cent over the week to January 30, reaching 1195.01. Over the same period, the CSCI was virtually unchanged at 950.85.

Wall Street

Good news drives the market down

THE US president is not used to being upstaged, least of all in the week when he delivers his most important speech of the year.

Yet it happened to George Bush. Not on Tuesday, when he presented the State of the Union address to Congress, but the following day when the stock market had its first opportunity to respond to the budget for 1993 and the President's election-year cocktail of defence and tax cuts.

And who upstaged Bush? None other than Alan Greenspan, chairman of the Federal Reserve, and ironically, the man with whom the President's chances of re-election most probably lie.

On Wednesday morning, while the market was trying to digest the implications of the State of the Union address, Greenspan blew Bush offstage with his own State of the Economy speech to the Senate Banking Committee.

Greenspan told the Senate hearing he expected a rebound in economic activity in the second quarter. He indicated that monetary policy was now sufficiently accommodating to allow the economy to enjoy a solid, if unspectacular, recovery, and warned that another big cut in interest rates might revive inflation fears and possibly push long-term rates higher.

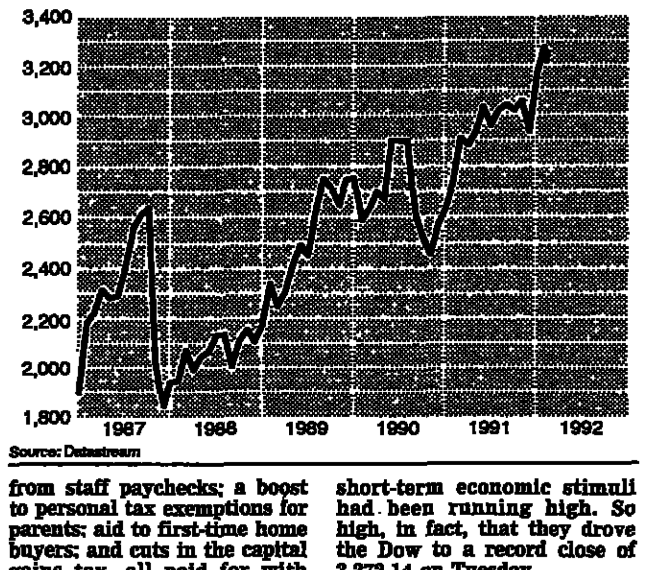
The effect on market sentiment was instantaneous. Within an hour the long bond had fallen a full point, and within three hours the Dow Jones Industrial Average had sunk almost 50 points, recording its biggest one-day fall in more than two months.

The logic behind the decline in bonds was clear. A growing economy and stable, possibly even tighter, monetary policy is bad news for bond investors, who appear convinced that the country is pulling out of recession. Even a bit of careful hedging by Greenspan – he told the committee that the Fed was ready to cut rates again if economic conditions warranted it – failed to stem the rush out of bonds.

Why stocks should fall was more of a mystery.

One reason was that the modest measures outlined in Bush's speech (an order to employers to reduce the amount of tax they withhold from staff paychecks; a boost to personal tax exemptions for parents; aid to first-time home buyers; and cuts in the capital gains tax, all paid for with reductions in defence spending) gave the markets no reason not to sell.

Dow Jones Industrial Average



Source: Datastream

Before Bush's address, expectations among investors that the president would unveil a range of aggressive short-term economic stimuli had been running high. So high, in fact, that they drove the Dow to a record close of 3,272.14 on Tuesday.

After the speech, however, disappointment set in. The conditions were ripe for a sell-off if something nasty and unexpected happened.

That something nasty and unexpected proved to be Greenspan's testimony. At first glance it seems odd that the equity market nosedives when the man in charge of monetary policy says further easing is not necessary because economic recovery is around the corner. An improved economic outlook should be good for share prices, right?

Not in this market. Stocks staged a stunning 30-day rally between mid-December and mid-January because the big cut in interest rates at the end of last year buoyed hopes that the economy would be back on a growth track by mid-1992. As of this week, therefore, the recovery had been fully discounted in prices, and thus there were no benefits left to be gained from another forecast of a mid-year turnaround.

The other main plank supporting investor sentiment was lower interest rates. Hopes for further easing in the early part of this year had sustained demand at the latter stage of the rally. With Greenspan suddenly pouring cold water on such hopes, investors were left with little incentive to keep the rally going.

Oddly enough, amid all the State of the Union/Greenspan/budget palaver, Corporate America was enjoying its best reporting week for more than a year. A host of blue-chip companies – Disney, American Express, Procter & Gamble, Boeing, Merck, Coca-Cola, Merrill Lynch – posted strong fourth quarter earnings.

Even news of fresh cuts in US defence spending carried a silver lining. Uncle Sam is standing down some of his defences because the former Soviet foe is rapidly disarming. Enter International Disarmament Corporation, a new company formed by three big US defence contractors, Lockheed, Olin, and Babcock & Wilcox, which will specialise in dismantling Soviet nuclear weapons systems. The profits, no doubt, will be used by US arms contractors to make more weapons. A case not so much of turning swords into ploughshares, but of turning swords into new swords.

Monday	3240.61	+ 7.83
Tuesday	3272.14	+ 31.53
Wednesday	3224.96	− 47.18
Thursday	3244.86	+ 19.90

Patrick Harverson

The Bottom Line

Enfranchise — and watch those shares rise

INVESTORS looking for quick profits will have noted the news that Greenall, the pub retailer and hotel operator, plans to enfranchise its ordinary shares with limited voting rights.

In the past, enfranchisement rumours often have triggered substantial rises in the shares of the companies concerned. Take Great Universal Stores, the mail order, financial services and property company which is controlled tightly by the Wolfson family. Rumours that the group would enfranchise its non-voting shares followed the death last June 21 of Sir Isaac Wolfson, its president. The non-voting shares rose 55p to £12.35 that day.

Two-tier share structures typically have been employed where family-run businesses come to the market but the controlling family is unwilling to relinquish control. To get around the problem, it keeps a group of shares with voting rights, or with superior rights for itself, and floats only shares with limited rights, or no voting rights at all. But investors have criticised the practice and say it makes the floated shares unattractive.

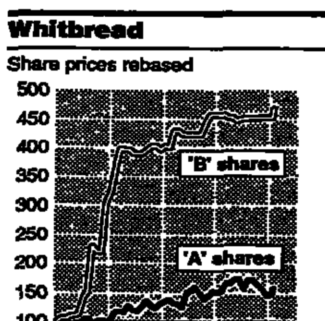
Enfranchisement raises expectations that the shares will become more attractive as liquidity is increased, and that the company as a whole will have a much simpler share structure. At the same time, it also raises immediately the possibility of an increase in the share price.

The lack of widespread investor interest in companies with a complicated share structure that prevents takeover bids has meant that many with two-tier share structures have traded below their net asset value. When the share structure is simplified through enfranchisement, and liquidity is increased, it is possible that the shares will at least rise to their net asset value.

Great Western Resources, the US-based but UK-listed oil and gas company, which enfranchised at the end of 1989, saw its share price nearly double, according to S.G. Warburg which was involved in the recapitalisation. The company

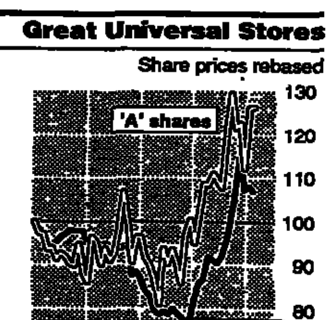
Whitbread

Share prices rebased



Great Universal Stores

Share prices rebased



Source: Datastream

had substantial asset value but the shares had been held down by a complicated structure under which Dan Pena, the chairman, held 40 per cent of the voting shares and the Kuwait Investment Company controlled more than 75 per cent of the fully-diluted shares.

It is often, however, the chances of a takeover bid that tends to underpin a sharp rise in a company's share price when an enfranchisement is expected. In Greenall's case, the news did not generate much excitement and the ordinary shares rose a mere 1p to 398p on the day of the announcement. The following day, they dropped 8p.

This was due partly to the fact that enfranchisement would have resulted in a dilution of the shares. Holders of "A" shares were to be given two ordinary shares for each "A" share to compensate them for the elimination of their superior voting rights. Interest in Greenall also was dampened by widespread speculation that the group's move to enfranchise was the prelude to a rights issue. If so, the market decided, it was not going to be a likely takeover target.

So what are the chances of making a handsome profit by investing in two-tier companies which are likely to enfranchise in the near future? First, it is difficult to anticipate an enfranchisement. GUS, for example, has been surrounded by talk of this for years but, unless it suddenly develops ambitions beyond its means, it is thought unlikely to move in that direction.

Furthermore, the uncertainty of the rewards could mean that it is not worth the trouble of speculating on a likely enfranchisement.

As Greenall's case indicates, the chance of enfranchisement actually leading to an increase in the share price is not guaranteed. Much depends on whether the process leads to dilution of the ordinary shares.

Whitbread, the brewer, is another company with a two-tier structure where there has been talk of enfranchisement. But even if this happened, the consensus is that while there might be an increase of a few pennies in the limited voting "A" shares, nothing spectacular would be likely.

"There would be a modest rise like Greenalls but the market would not go mad," says Eric Frankis at UBS Philips & Drew.

Whitbread is trading below its asset value of 581p and closed at 464p yesterday. Frankis points out that although enfranchisement might raise the shares to their net asset value level, it is not unusual for brewery stocks to be trading below that.

The market also would look at the likely underlying reason for enfranchisement – that the company was looking to raise money on the market. And that would be enough to counter any hopes of a take-over.

Michiyo Nakamoto

My cheque is in the post . . .

. . . But is it safe? Scheherazade Daneshkhu and David Barchard on ways to beat the fraudsters

FINLANDIA DEVENUE is not a French actress or an exotic Scandanavian. The name is just one of many aliases used by fraudsters who salt away cheques made out to the Inland Revenue.

One of the commonest ways in which money is lost is when cheques are intercepted in the post and paid into a third party account. The Revenue estimates that cheques worth £8m have been intercepted on their way to the Revenue since 1989, although many were not cashed subsequently.

Credit card fraud is also increasing. In 1990, the UK banks lost about £122m between them on plastic card fraud. This year it will probably be at least £180m.

Fraud is so commonplace that consumers must despair of finding a safe way of transferring money. The *Weekend FT* examines the pros and cons of different methods of payment and discusses the measures you can take to protect yourself against fraud.

Cheque in the post:

Posting a cheque may be convenient but it is one of the riskiest ways of transferring money. Thieves can intercept the cheque, tamper with the payee's name, open an account in that name and pay the cheque into that account with a signature on the back.

Finlandia Devenue would have found it possible to open an account simply by showing headed notepaper as proof of identity; now it should not be so easy. Banks and building societies have tightened their procedures for opening accounts since September 1990, after publication of Bank of England guidelines.

However, the procedure for endorsing cheques is still a licence for fraudsters. There is little to stop someone from intercepting a cheque, endorsing it with their own version of the payee's signature on the back, and then paying it into their own account. They do not even have to be good forgers; if the payee is not a customer of that bank or society, no attempt will be made to check the signature.

If you must send a cheque through the post, you can make it less easy for fraudsters to tamper with it. The Banking Ombudsman recommends writing "only" after the payee's name' (write the name in capitals), crossing out the word "or order", initialling the deletion and crossing the cheque with the words "not transferable." The Revenue also suggests writing your reference number immediately after "Inland Revenue" on the payee line and drawing a line up to "Or Order".

However, these measures are not foolproof. Many people suppose that by writing *a/c payee only* on a crossed cheque, they can stop it being paid anywhere except into the account it is intended to reach. Banking law is blurred on this point: such cheques can still be transferred to another bank account.

All this may change if a private member's bill going through parliament, sponsored by Conal Gregory, MP for York, becomes law. It aims to pin responsibility firmly on the bank which accepts the payment.

For the time being, however, remember that your bank is not responsible for the loss and you may find yourself obliged to pay up again. Do not give up without a fight. It is always worth talking to the bank and if they are unhelpful and you feel the bank was negligent, try taking your case to the Banking Ombudsman.

If you do post a cheque you can ask the post office for a certificate of posting, which is a free receipt. However, the maximum compensation that the post office will pay is £24 unless you use registered post. The Post Office will compensate you for amounts up to £950 at a cost of £1.90 plus the cost of first class post through registered post. It will cost £2.10 for amounts up to £1,850 and £2.30 plus first class post for amounts up to £2,200.

Bank giro:

Payment from one bank account into another through the inter-bank giro system is the safest method of transferring money, according to the British Banker's Association. You fill in a credit slip which goes through the clearing system where it can be traced if it goes astray. You are given a stamped receipt as proof of the deposit. If you are sending money out of your account, you will need to know the bank account number of the payee and their branch sorting code. It will take up to four working days for the money to reach its destination.

Girobank transfer:

This has nothing to do with the bank giro system. Girobank is a bank which used to belong to the post office until it was acquired by the Alliance and Leicester building society in 1990. You can transfer money, at a cost of 70p, if either you or the person you are sending it to, is an accountholder.

Postal orders:

Bought over the Post Office counter, postal orders can be easily traced and the purchaser retains a counterfoil to prove they have been sent. These are excellent for sending small amounts of money but become expensive if large amounts are involved. The maximum postal order issue is worth £20 at a cost of 80p. So, sending £100 will cost £4 but sending £1,000 would cost £40.

Credit cards:

Using plastic payment cards is one of your areas of greatest vulnerability. All a fraudster has to do is to catch a cardholder off-guard and steal his or her wallet. But this is not the only method.

When you make a transaction using a paper voucher rather than an electronic terminal, the information contained on each voucher can be used to make purchases by telephone: which is why in the US it is common for card holders to insist that the carbon slips are destroyed on the spot.

You could also find that counterfeiters make a replica of your card and use it in foreign countries, while your card remains in your possession. This is now quite common in the Far East and the Mediterranean. Holders of gold cards are most at risk.

If your card is stolen or if you notice money taken out of your account, you must notify your bank immediately.

Under the Consumer Credit Act of 1974, credit card issuers are technically liable for unauthorised purchases on a credit card – so long as you let the bank or building society know your card is missing as soon as possible. Your liability will be limited to £50.

Companies that are allowed to take your credit card details either over the phone or by post are thoroughly vetted by a Merchant Acquirer – one of the big four banks which issue credit cards – and the banks will bear responsibility if your card details have been abused and if they have no reason to suspect you of trying to con them.

ATMs and debit cards:

Automated Teller Machines are more commonly known as hole-in-the-wall or even cosh points, because of the danger of being mugged immediately after using one. The most easily avoidable risk of using a cashpoint comes when someone else gets hold of your Personal Identification Number (PIN).

A PIN can be used to unlock and remove all your cash. Thieves will look straight for a PIN when they steal a card: so it is most unwise to write down your number and positively foolish to carry it close to your cards.

Many cheque guarantee cards can be used as a debit card through Switch and other systems. Money is debited from your account without your having to write out a cheque. This added facility also brings added risk. Your cheque guarantee card is usually sent to you through the post and if it is intercepted a thief can sign it and use it to buy goods which will be paid for from your account.

Unless you can prove negligence on the bank's part, you are at their mercy regarding compensation if your card is stolen and used. If the bank is satisfied that you did not make the purchases, it will usually compensate you. This is set to change from March 16 , when the Consumer Credit Act will be extended to all plastic cards under the Code of Banking Practice and you will only be liable for the first £50 loss unless you have been "grossly negligent."

CHAPS:

Personal customers can also make same day payments through the Clearing House Automated Payments System (CHAPS), which is one of the electronic inter-bank payment systems normally used by businesses. Requests to use CHAPS may surprise staff in small branches. The cost will vary but may be as low as £15.

Tax shelters on offer

A WELTER of tax shelters hit the market this week. Full tax relief at the top marginal rate is available on investments in Enterprise Zone properties, and in Business Expansion Scheme companies.

If you have a large tax bill and wish to reduce it, these are the most effective, and in many cases the safest, ways to do so. However, few of them make much sense as investments in their own right – you should think of them solely as tax-planning tools.

The BES is the more accessible. The maximum you can invest in BES companies during any tax year is £40,000, and you have to maintain that investment for five years to gain the tax benefits.

For many people, "buy back" companies make most sense, because they limit risk. A BES company buys accommodation on behalf of a third party – usually a college or a housing association – and receives in return a covenant to buy back the property at a fixed price after five years.

Provided the third party does not go bankrupt in the meantime, and can raise the money, risk is minimised. However, housing associations and colleges are not big financial institutions, and sponsors are now attempting to arrange financing for the "buy-back" in advance.

The latest BES offers are:

■ BESSA UKC (II), sponsored by Close Brothers, will buy property for the University of Kent at Canterbury. The buy-back price will be £1.35 for every £1 spent now. BESSA LSE, to be launched next week, will buy property for the London School of Economics.

■ Govett BES Assetbuilder 2 is one of the most ingenious schemes. Sponsored by John Govett, it will buy accommodation for the Shaftesbury Housing Association, which will buy the properties back in five years at a price of £1.34 for every £1 spent now. A guarantee from NatWest effectively ensures that Shaftesbury will meet its obligation. The deal should only fail if Shaftesbury collapses completely.

■ Great Western Assured Growth, sponsored by Dartington, has a buy-back agreement from Knightstone housing association at £1.40 for every £1 spent now, for accommodation in Somerset. It is already trading as a BES company, so tax relief should be claimable more quickly, effectively raising the return. There is no additional banking guarantee.

The Enterprise Zone market is still confused. Supply is constricted because several EZs have lost their status, the ten-year term for tax exemption having finished.

Also, there are more sponsors seeking to launch syndicated "trusts" – which allow small investors to buy a share of a large building, rather than buy a smaller building outright. With more sponsors looking to make deals over smaller numbers of properties, final offers have been delayed.

Four EZTs are on the market at present:

■ Concept Britannia Teesside is the first EZ trust from Neill Clerk, a Scottish solicitor which previously specialised in the BES. It will buy eight office units in the Middlesbrough Enterprise Zone.

■ EZT2, from Collective Investments, has bought seven warehouses in the North West Kent zone. Its trustees will be based offshore, in Guernsey.

■ Laser Richmount Telford, a trust seeking to invest £30m in two large office buildings in Telford, this week announced that it had arranged a fixed rate loan facility with the Bank of Scotland. This means that the investment can be effectively self-financing for those investors who do not need income. About £17m has been invested so far.

■ PET 17, managed by Property Enterprise Managers, will buy an office block in Salford, in a deal worth £3.404m. There is a 25-year lease to the developer, Quorum Estates, and a five-year bank guarantee from County NatWest.

It is not safe to wander into the world of specialised tax loopholes without professional guidance. Guides to EZ investment are available from the Allenbridge Group (071-409-1111) and from John Harrison of Investment and Tax Publishing Services (0234-218740). But if you do want to take action, do so before the end of the tax year.

John Authers

The Fund Managers

Capel wakes up its ideas

Heather Farmbrough profiles a flourishing 'newcomer'

THERE USED to be a rumour in the City of London that the in-house unit trust departments run by stockbrokers for their private clients were a good place for an afternoon nap. Protected by client loyalty and the firm's reputation, the managers were under less pressure to perform than their independent rivals.

Times have changed, and in-house groups have also come under the competitive spotlight. One group which realised this some years ago, and made an effort to compete, was James Capel unit trust management, which appears to be flourishing as a newly-independent management group.

James Capel, the stockbroker, set up its first unit trusts for private clients in 1975. Early in 1988, though, the unit trust operation was still a comparative minnow, with only £43m under management. An American index and four additional trusts were launched in an effort to bring in new clients. By 1989, assets under management had risen to £269m; the present figure is around £450m. Capel also has established itself as one of the leading fund managers of index-linked unit trusts.

Capel's parent, the Hong Kong and Shanghai Banking Corporation, decided last year to merge the fund management operations with the European and British asset management division of one of its other subsidiaries, Wardley unit trust management. An independent company, James Capel Asset Management, was set up.

Perhaps the subsequent move to Docklands, in London's East End, away from the rest of James Capel, was an invigorating change for the 15 fund managers. However, one of Capel's best performers, Gold and General (along with Julian Baring, its idiosyncratic manager), was lost to Mercury Asset Management in December.

Performance has certainly improved over the past couple of years. Seven of the ten funds with a three year record have an above average performance in their sectors.

Capel's managers call their approach "low value or low p/e investing." The idea is to buy shares on a low price/earning ratio – the number obtained by dividing the share price by earnings per share. The lower the p/e, the cheaper, in theory, the share. Capel will not buy any share with a p/e higher than the market's, and it sells any stock if its p/e reaches that of the market.

It is not a unique approach, and it works better in some markets than others. Investment manager Richard Bisson says it usually is suited better to under-developed stock markets in south-east Asia and much of Europe.

Indeed, the performance of the European Growth trust bears this out (although being relatively under-invested in Germany helped, too). Capel limits how much of the fund can be invested in each country; in Germany it is 13 to 37 per cent, and in Norway 0 to 6 per cent. This means the fund never takes huge bets on one country and is always well diversified. So, it is unlikely to be at the very top or very bottom of its sector.

James Capel unit trusts

	Size (£m)	Launched	3 year performance	Sector performance
American Growth	12.0	1978	+26.9	+38.9
American Index	12.6	1988	+42.8	+38.9
Capital	16.8	1975	+15.6	+10.9
Europ Growth	15.6	1988	+30.2	+21.0
Europ Index	10.0	1989	n/a	n/a
Far East Grth	15.1	1988	+15.2	-0.1
Global Bond	4.7	1991	n/a	n/a
Hong Kong	4.3	1985	+32.1	+44.9
Income	107.9	1975	+24.8	+9.2
Intl Growth	12.5	1988	+18.5	+12.6
Japan Growth	17.4	1982	-7.4	-11.4
Japan Index	40.6	1989	n/a	n/a
Japan Sm Cos	5.6	1989	n/a	n/a
Sing & Mal	23.5	xxxx	+41.6	+44.9
Tiger Index	15.0	1989	n/a	n/a
Trixie Index	n/a	1991	n/a	n/a
UK Index	42.9	1990	n/a	n/a

Source: Finstat. Performance figures cover 3 years to January 1, offer-to-bid with income reinvested.

Low-value investing also has paid off for Japan Growth, Hong Kong and Far Eastern Growth trusts. The more specialist Singapore and Malaysia fund, inherited from Wardley, has been hit by the weakness of those two markets.

Bisson attributes the underperformance of the American growth fund to what has happened since the 1987 crash. "Investors are less willing to take risks and are buying steady growers like Procter and Gamble," he says. But he believes the tide has begun to turn in favour of value stocks.

Capel's largest fund, Income, is the fourth best performing of *all* unit trusts over 10 years, with a 600 per cent return and is also eighth in its sector (out of 106) over three years.

In recent years, however, it has been the index funds which have helped Capel to make a name for itself, with around £150m invested of its total assets under management.

Last October, Capel launched its fifth index fund, called Trixie, to track James Capel (the broker's) Trixie index. This consists of the 382 smallest companies on the FTA All-Share index, excluding illiquid stocks and investment trusts. The fund is, however, holding just 250 stocks.

As with its other index funds, Capel has partially recreated the index, matching each sector in the fund as closely as possible to the index and choosing a selection of stocks from big, medium and small companies. The index funds are run from Edinburgh by a team of ten at James Capel Quantative Research under an Iranian mathematician, Dr Namdar Mossaheb.

Why should investors want to buy index-linked funds? Well, few fund managers out-perform the various indices consistently. Indexation makes it possible to match the performance of those indices, offering investors the available investment opportunities in a particular market with little risk.

Index-linked funds also cost less; annual management charges on the Trixie index fund are 1 per cent a year and on the UK Index fund 0.5 per cent, compared with 1.5 per cent on Capel's conventional funds.

Some say this is too high. Capel replies that there is a skill in designing an index fund and that it is quite costly to adjust it often for changes in cash flow, the underlying index, rights issues, takeovers and mergers.

So far, Capel's index funds have tracked their underlying indices well. This raises the question of whether traditional "active" fund managers are strictly necessary.

Capel clearly is committed to both kinds of funds. This year promises to be one of its better ones, with the low p/e approach vindicated in a number of markets. It deserves to be taken seriously, even though some funds are still relatively small.

No afternoon naps are going on here.

FINANCE AND THE FAMILY

Maxwell's paupers

LOLA Baker remembers November 22, 1991, very clearly. That was the day she and a group of other employees of Robert Maxwell's AGB Group were told they were being made redundant. In fact, it was the start of a chain of events that, in the words of one Maxwell company pensioner, could leave Lola Baker "on the precipice of poverty."

After 31½ years of loyal service, her severance terms entitled her to nearly £20,000 as a lump sum payment and, of course, her pension. But, by December, the company was in the hands of an administrator.

On December 10, Baker and about 25 others were called in to see the administrator, Arthur Anderson, which had more bad news. It told the group it had no legal obligation to make redundancy payments and would not be doing so.

"I could quickly see what was happening but some of the other employees couldn't take it in. One of them said, 'But Christmas is coming. What are we to do?' The administrator told him, 'Well, if I were you, I'd go and sign on [for the dole] first thing in the morning'."

Baker is divorced and the mother of a handicapped adult son who depends wholly on her. Immediately, she set about getting another job, believing that her pension, at least, was intact. But the worst was to come.

Late last week the pension funds were wound up, with administrators saying it was uncertain how much, if any, of the assets remained. Through all the turmoil at AGB, this was the one eventuality that had never occurred to Baker. "I always thought a pension was sacrosanct. It's not like you're investing and taking a risk – not like unit trusts or something. It's supposed to be the one cast-iron guarantee."

Perhaps her position is even worse than most. She has been told she is not even eligible for a government pension because she had not paid enough National Insurance contributions. She had relied on her husband to make those on her behalf. When they divorced, he, not she, became the legal owner of the government pension.

Ken Jarrett, who administered the AGB pension scheme before the Maxwell family acquired the company, concedes that, at least for the foreseeable future, his position is better than some. The administrators have said that current pensioners will have priority over assets. Unlike Baker, who had not yet retired officially, Jarrett took early retirement

Norma Cohen on the plight of the former Maxwell employees

last November, aged 62, after 36 years of service.

"The day I got the news that the AGB fund might have been stripped was the day after my retirement party. It was my wife and I and 20 or 30 of our closest friends," Jarrett recalls. "My wife left Hanger Lane [the AGB offices in west London] with a great big bouquet. The next thing I knew, I had no pension. I'm extremely angry."

Jarrett says he is, at least, still getting pension benefits, although it is unclear if they will go on. He has some savings and his mortgage is paid off. But after having contributed to a pension fund for 36 years, believing his old age would be secure, Jarrett is bitter. While he had planned to devote his retirement to voluntary work for local charities, he is spending his time working with a group of other pension fund members trying to obtain redress from someone.

If nothing else, the Maxwell collapse has highlighted the vulnerable legal position of all pensioners. Unlike investors, savers or insurance policyholders, there is no such thing as a safety net to catch those whose pension funds collapse. Moreover, the plight of the Maxwell pensioners shows how little control fund members have over how their money is invested or disbursed.

Tony Boram is head of a group of Mirror Group Newspaper (MGN) pension fund members who retained a solicitor to help them learn more about where their money went. As part of their effort to persuade the trustees to give more information, Boram had to promise Maxwell's solicitors that he would not make public comments about the funds.

Part of the reason the group did not pursue Maxwell further in the courts was, quite simply, "that we knew he would pursue the case to the High Court and it would be tied up for six years. And all those legal costs could be charged to the pension fund." The sad truth is that fund members who wish to challenge trustees on anything must pay for their efforts themselves, while the full resources of the scheme are available for the defence of the trustees.

Some recent legislation has helped pensioners. In particular, disclosure rules now require pension funds to give members an annual financial report. And those reports bear careful reading.

Malcolm Albutt, a market research executive at an AGB-run company, decided to ask for the AGB scheme's annual report after hearing about problems at the MGN pension fund. After viewing the investments, he and a group of colleagues immediately requested a block transfer out of the AGB scheme into a private one.

Unfortunately, the scheme collapsed before the transfer could be made and their pensions – or what remains of them – are frozen inside.

Albutt said it did not take much for him to realise something was wrong. The annual report for the period ended April 5, 1990, showed that not one of the fund's 20 largest investments were in FTSE-100 companies. Most were connected in some way to Maxwell's private interests. In fact, those 20 largest investments, many in foreign companies, accounted for 65.6 per cent of total investments – a concentration that defies general principles of diversification.

The Maxwell private company pension scheme members say the best for which they can hope is that the government will concede that its self-regulatory bodies failed to oversee the funds' investment managers properly. Otherwise, some are facing the loss of more than 30 years of savings.

Left with nothing: Lola Baker has lost a £20,000 severance payment and her pension

Fleming joins the rush

ONLY 64 investing days remain before April 5, the end of the tax year, and the financial service industry is pulling out all the marketing stops. The latest investment trust on offer is Fleming Income & Capital. Like many recent issues, it has a split capital structure and is linked to the personal equity plan (Pep) market.

The offer is timed so that investors can place their full £6,000 Pep allowance into the trust for each of the tax years 1991-92 and 1992-93. A married couple could thus put £24,000, in Pep form, into this issue.

There are two classes of share: zero coupon and ordinary income. The former are being issued at 30p and should be repaid at 85.2p in 2002, a yield of 11 per cent a year. Security is provided by the fact that the initial assets of the trust will cover 112 per cent of the zero's ultimate repayment value.

Private investors cannot apply directly for the zeroes, though. They can be bought either in the after-market (when the price might have risen and the yield fallen) or packaged in a 100p unit with the ordinary income shares.

The ordinary income shares will receive all the income of the trust and will, at 70p each, offer a dividend yield of 9 per cent. For a top-rate taxpayer holding the shares in a Pep, the equivalent gross yield is 15 per cent. The risk, as with other shares in this category, is of loss of capital. The ordinary income shares will be repaid only *after* the zeroes. The trust's assets will need to grow at 5.2 per cent a year for the shares to be repaid at the issue price.

This growth rate is not as fast as that needed by some other ordinary shares, but potential investors should remember that it might not happen.

An alternative would be to buy the unit at 100p, which would yield 6.3 per cent. In such a case, an investor could almost ignore the split structure (although, on past experience, it should prevent the shares from falling to a discount). Fleming Income & Capital could then be judged simply as a high-yield UK equity investment trust.

Because Fleming is paying 3 per cent to IFAs, the charges on the trust are near traditional unit-trust levels. Money can be saved by buying the shares through a discount service.

Another option is provided by Halifax Standard's new Income Advantage unit trust although, owing to the government's rules, only £3,000 can be placed in this trust in Pep form. The trust will invest internationally and will have a yield of 5.5 per cent. The initial charge is 5.5 per cent and the annual charge is 1.5.

Philip Coggan

Care for over-50s

LIFE insurance has always addressed itself to two issues – dying too soon, and living too long.

Now, according to Howard Hodgson, chairman of Hodgson Integrity, which launches a new range of products for the over-50s next month, the industry needs to take a much more creative approach.

The great risk now is that people survive their "third age" of retirement, and live long enough to lapse into dependence again. Hodgson's ambitious package of products for the over-50s is due to be launched next month.

This week Private Patients Plan, a medical insurer, launched arguably the most ambitious long-term care (LTC) package to date.

LTC insurance involves paying regular premiums, usually starting in middle age. Should you need long-term care at the end of your life, it pays fees.

PPP's "Independence" plan, like those of Aetna Life and Commercial Union, relies on the concept of the "activity of daily living" (ADL). Payment is made for care once the policyholder is unable to perform a certain number of ADLs.

The small print is discomfiting. PPP lists six ADLs: Mobility (the ability to get in and out of chair or bed), washing, dressing, feeding, toileting, and continence.

Once you are unable to perform two of these, or once you fail a mental awareness test, you become eligible to receive what PPP calls "progressive" cover. This provides assisting devices for use in the home.

Once you fail three ADLs, claim payments double, allowing you to pay for residential nursing home fees.

PPP will take a "hands on" approach, and pay fees direct to nursing homes. It will also vet them closely, establishing a list of "approved" care providers. If the care is cheaper than your total eligibility, PPP pockets the difference.

The new "twist" which PPP has added, is to link long-term care insurance to a critical illness or "dread disease" policy, which pays out a fixed lump sum if you are diagnosed as suffering from a life-threatening condition – heart diseases, strokes, cancers and a few other serious conditions.

There is less need for critical illness cover once you have retired, but the potential need for long-term care is greater. PPP thus offers the right to convert from critical illness to LTC cover at the age of 60. The maximum total LTC benefit you could then receive would be the critical illness sum assured. The maximum weekly benefit would be the sum assured divided by 156.

You can also buy income replacement or "permanent health insurance" in the same package. This is potentially attractive. But is it cheap?

These policies are complex, and comparisons are awkward. Also, beware of buying insurance you do not need.

But the PPP plan might be good value. For cover of £50,000, and the right to convert at the age of 60, a 39-year-old woman needs to pay £35.25 per month, and a man £35.70.

Abbey Life, a pioneer of Critical Illness cover, charges £34.39 and £43.87 respectively, for cover lasting until age 60. For a "whole-of-life" plan, which would offer a lump sum on death or critical illness, Abbey would charge £34.41 and £44.66 respectively. The lump sum payment could help cover long-term care.

This suggests that PPP's premiums are not far out of line with the market.

John Authers

Directors' Transactions

THREE months ago Chillington Corporation appeared in this column because four directors had bought significant amounts of stock. This week they feature because the chairman, Konrad Legg, has sold 200,000 shares at 33p. At the same time he bought 200,000 warrants at just over 4p.

Dr Jim Maxmin, chief executive of Laura Ashley, has made a further purchase of ADRs (American Depositary Receipts) lifting his holding by more than 30,000 shares. Fresh senior appointments have strengthened the board.

Two weeks ago Southern Business Group, the photocopier supplier based in south east England, reported better than expected final results, together with a 15 per cent increase in the dividend. A week after the announcement, Roger Limpenny, the finance director, bought 17,500 shares at 88p taking his total holding to 50,500 shares.

After merger discussions between Stanhope Properties and Rosehaugh were abandoned, seven directors of Stanhope bought a total of 350,000 shares at 24p.

Angus MacDonald, Directus Ltd

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Chillington	200,000	66	1
First Leisure	34,662	105	1
Greene, King & Sons	9,397	44	1
Marks & Spencer	438,261	1,289	3*
Polar Electronics	300,000	300	1
Portmeirion Pott	4,900	11	1
RMC	2,000	12	1
Securicor Grp "A"	2,536	13	1
Stanley Leisure	56,825	112	3
Steel Burrill Jones	39,000	122	1
Tibbett & Britten	100,000	541	1
Treatt	186,250	205	2
Waddington (J)	6,000	11	1
PURCHASES			
Ashley (Laura)	30,675	28	1
Astec (BSR)	100,000	13	1
BAA	2,000	11	1
BPB Industries	20,000	28	2
Cabra Estates	500,000	41	1
Expl Co Louisiana	19,800	$15	1
Fairhaven	250,000	50	1
Freeman	71,171	53	4
Grand Cent Inv Trst	25,000	10	1
Hazlewood Foods	20,000	28	1
Inchcape	2,500	11	1
Ivory & Sime	47,400	64	2
Peel Holdings pref	35,000	13	2
Pressac	20,000	13	4
South Business Grp	17,500	15	1
Stanhope Property	350,000	84	7
Thames Television	8,000	16	2

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 20-24 January 1992.

Source: Directus Ltd, Edinburgh

Savings rates cut

HALIFAX and Nationwide building societies have cut interest rates on savings and chequebook current accounts from 1 February.

Halifax has cut only particular tiers on certain accounts: on 90-Day Extra, for example, it will pay 10.95 per cent, down from 11.0 per cent on accounts over £50,000.

Nationwide Anglia has cut its savings rates by an average of 0.53 percentage points, but has increased rates for Asset Reserve, its small business and club account, by between 1.1 per cent and 0.1 per cent. The biggest reduction comes on the Nationwide Tessa accounts where rates fall by 0.6 percentage points.

David Barchard

The Week Ahead

NEWSAGENT and retailer John Menzies comes out with interims on Monday expected to show pre-tax profits of about £3m. This is good or bad – depending on how you look at it. Last year's £4.2m profit was depressed by exceptionals of £4m due to losses at Hammicks. Forecasts for the year ended April 30, bolstered by Christmas turnover, run between £27.5m and £29.5m against £21.5m a year earlier.

A modest 15 per cent growth in pre-tax profits to around I£30m is being predicted for Fyffes' year-end results due on Tuesday. Analysts believe that the Dublin-based fruit and vegetable wholesaling group has had a reasonable year, despite the recession in the UK market. Although banana sales may have been down, there has been buoyant growth in other fresh produce sales.

The market continues to hold expectations of a link-up with a distributor in continental Europe to expand the group's operations. The share price has risen substantially in recent months.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
AmBrit	9½	9	8	8.28	United Energy
Cityvision	48* ♦	50	25	57.9	Blockbuster UK
Do. 8.5% Cnv Pf	80* ♦	82	66	7.1	Blockbuster UK
Marina Devs.	180*§	175	98	31.22	Yattendon Inv.
Pickwick Grp.	235	233	173	83.00	Carlton Comm.
Robinson (Thos)	28	28	12½†	44.27	BM Group
Steetley	418	340	274	653.24	Redland
Thornton (G.W.)	215	200	203	14.27	Bromsgrove Inds
Trevian Hldgs	45*§	44	40	2.87♣	Frogmore Ests

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 31/1/92. †At suspension. §§Shares and Cash. ♣ For 58% not already owned. ♦ Or alternative of 1 Blockbuster share valued at 50p for each Cityvision ord. share, and at 85p for each Cityvision pref. share.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Allied Textile	Sep	13,200	(13,700)	31.7	(33.1)	12.3	(12.0)
Aukett	Sep	360	(1,810)	-	(8.01)	1.75	(4.25)
Bullough	Oct	20,800	(26,000)	11.55	(14.3)	6.05	(6.05)
Caldwell	Oct	220	(2)	1.62	(-)	-	(-)
Cardiff Property	Sep	94	(217)	2.9	(6.8)	2.4	(2.4)
City Site Estates	Sep	3,370 L	(980 L)	-	(-)	1.46	(1.92)
Continental Assets	Dec	339	(387)	1.56	(1.78)	1.25	(0.7)
Domino Printing	Oct	9,000	(6,090)	28.83	(20.54)	6.25	(5.2)
Eurocamp	Oct	8,160	(5,660)	21.1	(19.1)	5.5	(-)
Eurocopy	Sep	7,030	(11,320)	9.49	(15.33)	4.0	(4.0)
Gardiner	Dec	6,000	(5,200)	4.25	(5.07)	1.3	(1.125)
Greenfriar	Dec	936ф	(807ф)	8.1	(7.0)	6.1	(5.5)
Kershaw (A.) & Sons	Oct	9,930	(19,300)	-	(-)	27.0	(27.0)
Malvern UK Index Tst	Dec‡	108.13†	(87.96†)	4.54	(1.84)	4.5	(-)
Miskin	Jul	7,360‡L	(559)	-	(-)	-	(-)
Partridge Fine Arts	Oct	2,160	(4,110)	6.54	(11.77)	2.25	(3.85)
Rank Organisation	Dec	250,500	(312,100)	38.4	(70.1)	31.0	(31.0)
Shoprite	Oct	1,100	(2,260)	8.7	(16.4)	5.2	(5.2)
Southern Radio	Sep	363 L	(197)	-	(1.13)	-	(0.75)
Warner Estate Hldgs.	Sep	7,640	(8,010)	10.8	(10.73)	10.0	(9.0)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AB Consultants	Oct	327	(842)	2.2	(2.2)
AIM Group	Oct	1,050	(620)	1.5	(1.5)
Adscene	Nov	720	(482)	1.5	(0.75)
Armitage Brothers	Dec	712	(503)	2.6	(2.6)
Armour Trust	Oct	905	(966)	0.315	(0.3)
Associated Nursing	Oct	705	(421)	-	(1.0)
Brandon Hire	Oct	23	(354)	0.1	(1.11)
Bristol Channel Ship	Oct	75	(231 L)	-	(-)
Clarke Hooper	Oct	820	(1,730)	1.7	(1.7)
Colefax & Fowler	Oct	505	(815)	1.3	(1.3)
Dale Electric	Oct	497	(146 L)	2.0	(2.0)
Davies (D. Y.)	Oct	426 L	(203 L)	-	(-)
Electron House	Nov	595	(219)	1.0	(1.0)
Elonbrook	Sep	300	(1,520)	-	(-)
Ewart	Oct	104	(254)	0.25	(0.50)
Farepak	Oct	613 L	(599 L)	1.45	(1.15)
GT Japan Inv. Tst.	Dec	697⊕	(529⊕)	0.4	(0.4)
Goodhead	Nov	429	(768)	-	(0.5)
Hambros Inv. Trust	Sep	8ф	(1,580ф)	-	(-)
Haynes Publishing	Nov	1,130	(494)	2.5	(1.0)
Heath (Samuel)	Sep	72	(210)	1.5	(1.5)
Intl. Resort Hldgs.	Sep	368	(1,651)	-	(-)
Jupiter European Inv	Oct	51ф	(76ф)	-	(-)
Kembrey	Sep	170	(530)	-	(-)
ML Holdings	Sep	1,310 L	(3,030)	0.85	(0.85)
Menvier-Swain	Oct	2,770	(2,760)	2.7	(2.2)
Mountleigh	Oct	73,700 L	(12,000)	-	(1.25)
Murray Smaller Mkts.	Nov	1,340ф	(1,200ф)	-	(-)
Newmark (Louis)	Sep	187 L	(526 L)	-	(-)
North England Bld Sc	Dec	10,300	(9,200)	-	(-)
Novo	Sep	529	(122)	-	(0.3)
Photo-Me Intl.	Oct	8,700	(6,540)	1.3	(1.2)
Prism Leisure	Sep	374	(303)	1.5	(1.5)
Saville Gordon (J.)	Oct	1,350	(2,430 L)	0.5	(0.5)
Shelton (Martin)	Sep	122 L	(76 L)	0.75	(0.75)
Smith (W. H.)	Nov	50,100	(34,900)	4.3	(4.0)
Specialeyes	Nov	90	(56)	-	(-)
Standard Platforms	Sep	471 L	(311)	-	(-)
Stavert Zigomala	Sep	24	(34)	-	(-)
Tr Smaller Co's	Nov	146.8†	(150.2†)	1.5	(1.5)
Unitech	Nov	7,800	(8,800)	2.1	(4.2)
Wintrust	Sep	1,540	(2,710)	3.0	(3.0)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. ф = Net revenue. † = Net asset value. ‡ 15 month figures. ‡ = 18 month figure. ⊕ = Gross income.

RIGHTS ISSUES

Hi-Tec Sports is to raise £10.3m via a 1 - 5 rights issue at 150p.
Wembly is to raise £37.3m via a 1 - 1 rights issue at 30p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Genesis Chile Fund is to raise up to £14.4m via a scrip issue on a 1 - 4 basis and warrants on a 1 - 5 basis.
Usher-Walker is to raise about £6m via a placing and open offer.
Fleming Income & Cap. Inv. Tst. is to raise up to £250m via an offer for subscription.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Craton Lodge	Monday	-	-	-
Drayton Far Eastern Trust	Monday	0.12	0.47	0.12
Fleming American Inv. Trust	Thursday	0.60	1.25	0.60
Fleming Claverhouse Inv. Tst.	Monday	2.50	2.50	2.50
Fyffes	Tuesday	0.29	0.74	0.32
P & P	Thursday	1.25	3.00	1.33
Printech International	Tuesday	8.00	-	-
Ramsdens (Harry)	Monday	1.00	3.50	1.00
Scottish American Inv. Co.	Friday	3.08	-	-
Securiguard Group	Monday	3.20	4.80	3.20
Updown Investment Co.	Monday	-	11.00	-
INTERIM DIVIDENDS				
Black (Peter)	Monday	0.77	2.07	-
British Thornton Holdings	Wednesday	-	-	-
CRT Group	Monday	-	2.00	-
East German Investment Trust	Wednesday	-	-	-
Heritage	Tuesday	1.29	-	-
Independent Investment Co.	Friday	-	0.46	-
Jersey Phoenix Trust	Thursday	1.12	1.87	-
Menzies (John)	Monday	3.40	6.00	-
Beacon Holdings	Monday	1.20	2.30	-
West Trust	Monday	0.25	0.25	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

FINANCE AND THE FAMILY

How to . . . get income from your home

Cash in on your bricks and mortar

ARE YOU sitting at home in retirement, wishing you could get some more income from somewhere?

Chances are that the source for that income is close to home – in fact it *is* your home.

Bricks and mortar are precious assets. But converting the value which has accrued in your house into a viable income can carry risks, so think carefully before acting.

If you still have a sizeable lump sum salted away you could buy an annuity with it, or possibly, if you want to protect your estate, a selection of income unit trusts.

If that is not an option, the simplest way to increase income is to sell your house and buy somewhere cheaper. This may be attractive if you are unfortunate enough to be widowed.

However, if you do not want to move, schemes exist which allow you to take income from your house while continuing to live in it. But they are complicated.

Consider your heirs. If you have no children, or are happy with the amount you have already given them while bringing them up, you may not mind a scheme which destroys the value of your inheritance. If you are keen to leave your heirs a nest egg you need to be more careful.

For those with no spare capital and who cannot countenance leaving the home of all their memories, there are two ways to extract income from your house:

■ **Annuity-linked Home Income Plans**

This is the simplest scheme. You re-mortgage your house, or a portion of it, and buy an annuity with the proceeds. The sums should work out so that the annuity pays the mortgage and leaves a worthwhile increase to your income.

Usually, both the mortgage rate and the annuity payment are fixed. The rate you receive on the annuity, which repays a fixed income until your death, depends on your age. The longer you wait before starting one of these schemes, the better value you will receive. As a rule, you cannot effectively benefit from such an arrangement unless you are at least 70 years old, the minimum for many schemes.

Most will not allow you to borrow more than £30,000, as this is the limit for receiving mortgage interest relief at source. Loans are not economic above this level. On a loan of £30,000, a woman of 75 can currently receive an annual income of £1,525 from Allchurches, and £1,649 from Carlyle Life, according to the Consumer's Association.

This may not sound particularly exciting, but it could be a useful supplement to your pension. Separate rates are available for couples.

You can put together one of these plans yourself by shopping around, but it is easier to use one of the established schemes.

■ **Home Reversion Schemes**

Reversions generally produce greater income, but are less kind to your heirs.

Typically, the plans work as follows: you sell your house to a life office, which only has the right to use it once you have died. In return for taking the risk that you live for a long time, the life office pays only a fraction – usually around a half – of the value of your home.

Variants on this include cash reversions, where you receive a cash sum up front and invest it for income as you wish, and schemes where you pay a nominal rent for the house, while the money from the reversion is put into an annuity. Stalwart Life offers a scheme which effectively allows you to make a straight swap of a reversion for an annuity.

While you are alive, a reversion costs you nothing. But if you have heirs, they may not thank you for using one of these schemes. With a standard home income plan, the heirs are left a house, and an outstanding loan. This gives them a worthwhile inheritance.

With a reversion scheme, they are left nothing as the house reverts to someone else. You can buy a "capital-protected" annuity – which might guarantee to repay capital to your estate within three years, for example – but again this will not help if you only just survive the period of capital protection.

Reversions do, however, tend to provide greater slices of income – according to the Consumers' Association a 75-year-old woman, using the same assumptions as above, would receive £2,924 from Carlyle Life, £3,180 from Cavendish Property, and £2,595 from Stalwart Assurance.

You do not have to sell your entire house. Reversions can involve pledging fractions of the value of your house to the insurers, which lessens the difficulties for your descendants. Carlyle Life also has a "renewable" plan, which allows you to sell successive slices of your house.

Depending on your circumstances, either reversions or home income plans could make sense. However, the following should not be touched with a barge pole:

■ **Variable-Interest Mortgages**

With any luck, no ill will come of using a variable mortgage. Maybe interest rates will continue to fall. But "safety first" is a good motto in this situation.

■ **Roll-Up Loans**

These are re-mortgages, but you do not repay the interest. Instead, it "rolls up", to be retrieved from your estate.

These schemes could make sense before retirement, as you try to boost your standard of living before pension and endowment policies mature, but they are too risky for the elderly. If the loan builds up to 75 per cent of the value of the house, you may be required to repay some of it. If that is not possible, you could lose the house. Steer clear.

■ ***Investment Bond Schemes***

These have been more or less been outlawed, and if you are offered such a scheme, you should report it to the regulators. The concept is the same as for the standard home income plan, but money is invested in an investment bond, not an annuity.

There are many circumstances where an investment bond, which fluctuates with the market rather than offering a fixed return, makes sense. This is not one of them. With your house at stake, the risk that the value of the bond will go down is simply not worth taking. Many pensioners were thrust into these schemes just as mortgage interest rates began to rise, and equity markets fell. In many cases, they have been forced to sell their homes. *Do not touch.*

Before taking professional advice, which is essential before taking any steps towards financial packages as complex as this, two publications will be useful to you.

Age Concern England publishes the standard text on the subject, written by Cecil Hinton, an independent financial adviser who specialises in home equity-release plans for the elderly.

Also, an up-to-date and comprehensive consumer survey of the products on offer comes in the current issue of *Which?* magazine, published by the Consumers' Association.

■ *Using Your Home As Capital by Cecil Hinton, published by Age Concern. England, 1268 London Road, London SW16 4EJ. 081-679-8000. £2.95.*

John Authers

THE BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Birmingham Midshires BS	First Class	0800 444109	90 Day	£25,000	11.75%	Yly
				100,000	12.30%	Yly
Heart of England BS	Election Bond	0926 405488	Elec Day	£5,000	12.00%	OM
Skipton BS	Money Market Plus	0756 700500	31.12.92	£2,500	11.69%	OM
Nationwide BS	Capital Bond	0793 694465	2 Year	£25,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
Darlington BS		0325 487171	5 Year	£1	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 580 411				
			Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Portman BS	Prestige Cheque	0800 373178	Instant	£50,000	12.00%	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isls Acc	0481 822747	Instant	£500	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521 546	1 Year	£25,000	8.90%	Yly
Financial Assurance FN		061 367 6000	2 Year	£5,000	8.85%	Yly
Prosperity Life FN		0800 521 546	3 Year	£25,000	8.90%	Yly
Liberty Life FN		081 440 8210	4 Year	£25,000	9.10%	Yly
Prosperity Life FN		0800 521 546	5 Year	£25,000	9.20%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	36th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% + Infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross
Fixed= Fixed Rate (All other rates are variable) OM= Interest paid on maturity. N= Net Rate. B= Bond.
Source, Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walshams House, Stalham, Norwich.

Pension claims 'to be toned down'

IF YOU find yourself confused by claims about the performance record of competing investments, you are in good company, writes Norma Cohen.

It has emerged that even professionals, such as pension fund trustees, need help in reading the fine print of fund managers' advertising. The National Association of Pension Funds, which includes the UK's largest pension plans, has published an advertising code intended to prevent fund managers from making misleading claims about their own performance. Although the code is voluntary, the NAPF is urging trustees to ignore any unsolicited advertising that does not conform to the code.

"People will inevitably show the best information that is in their commercial interest to show. And for perfectly good commercial reasons," said David Adams, a trustee of the British Rail Pension Trust Company and chairman of the NAPF working party which drafted the code.

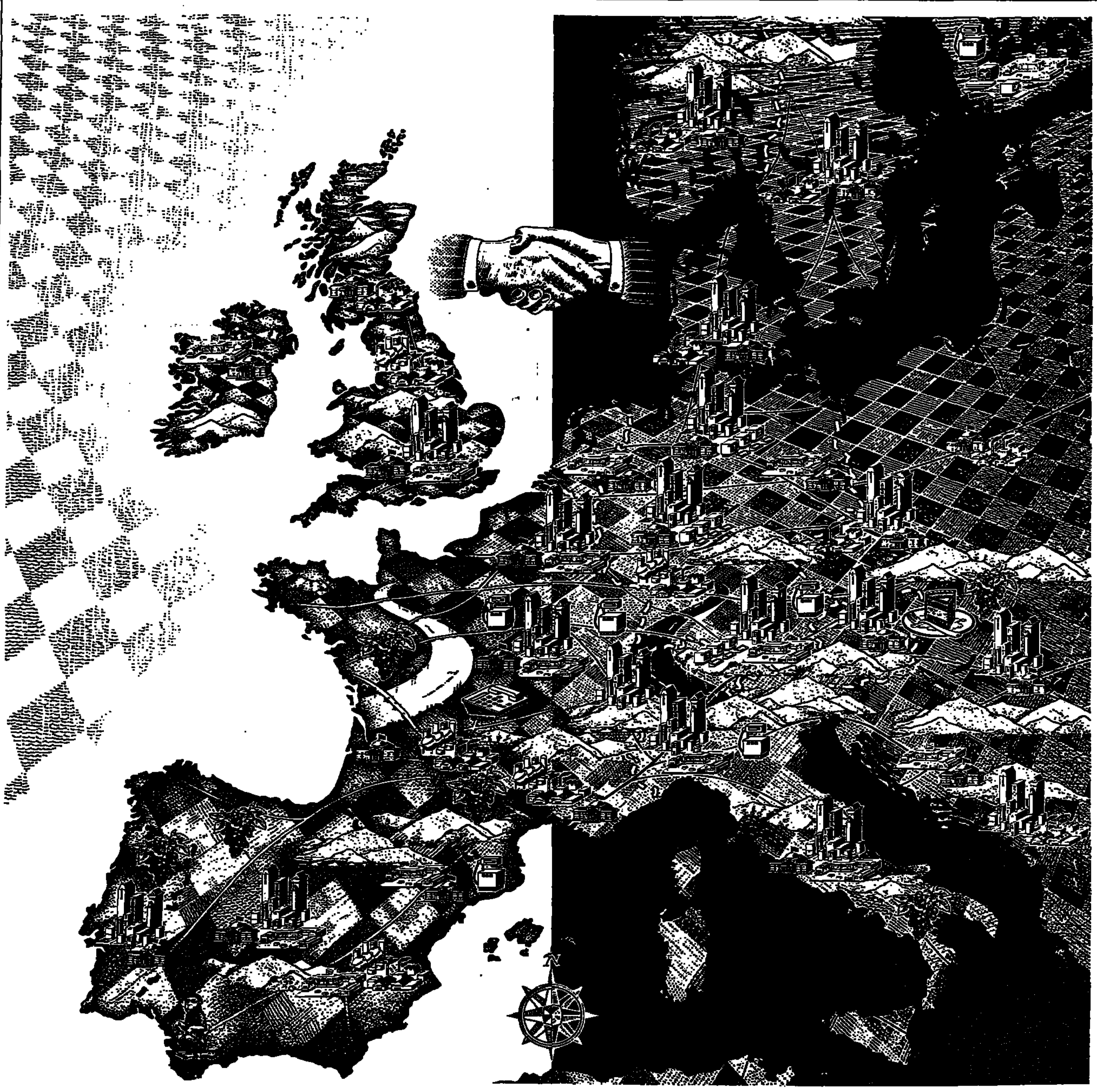
The group's concern, he said, is not that fund managers are necessarily lying about their track records, but that they are presenting only parts of the whole picture and doing so in a misleading manner. For example, he said, a fund manager who topped the performance league tables in a single year is likely to tout that.

But if professionals need a code to protect them, what of the hapless retail investor? While agreeing that personal pension plans are often sold to individuals based on the producers' performance record, Adams said the NAPF had been unwilling to ask that it be extended to retail products.

John Clamp, executive director of Combined Actuarial Performance Services, which ranks pension fund performance, said: "I've seen worse breaches of ethics in the retail market than anywhere else. It is ironic that the more sophisticated wholesale sector has chosen to regulate itself while the government has chosen to do nothing to regulate the retail sector."

Among misleading statistics that he had seen presented was a fund manager comparing the returns of a Far Eastern equities investment fund to those of a building society savings account. "The most basic rule is that you must compare apples with apples, not with oranges," he said.

Jean Eaglesham, money policy director at the Consumers Association, said that while her group had not actively been campaigning for an advertising code of conduct in retail products, it had been pressing for the presentation of inflation-adjusted figures. It is easy to impress someone by saying that a £10,000 investment can grow to £200,000 in 25 years. But would they be as impressed if they knew that if inflation averages 5 per cent a year, that figure would be worth £59.000 in today's money?



MINDING YOUR OWN BUSINESS

High-tech growth on a fashion farm

Suzanne Askham meets two young designers in the wilds of Scotland

TWO YOUNG fashion entrepreneurs are making a profit from an unusual clothing company that has managed to overcome serious setbacks during the recession.

Paul Walker and Frances Slater's modest success is founded on two unusual decisions. They have established their headquarters in the Scottish Highlands, well away from London's ailing fashion industry. And they have brought in a chemist specialising in synthetic yarns and inks to put them in touch with futuristic developments.

They produce under two different labels. Out for Lunch, currently 70 per cent of the business, consists of sweatshirts and T-shirts sold through winter sports shops. Slater is a more up-market label, not as profitable, but, Frances and Paul believe, with greater scope for international growth. It includes black shirts and dresses that change colour as you wear them, soft knitted silks and linens.

The Out to Lunch range wholesale for an average of £15 and the Slaters range for £29-£35, giving a 35-40 per cent profit. It began haphazardly.

In 1988, Paul, newly graduated from Dundee University, was selling sporty sweatshirts in the Alps and on European beaches. He enlisted the skills of Frances, a designer who had also studied in Dundee.

With an initial outlay of £3,500, they bought 500 basic dyed garments from a manufacturer. Frances printed a range of designs in her home and Paul sold them at a 50 per cent mark-up. It was a money-making hobby. Paul had a full-time job selling office equipment and Frances was doing an MA at Birmingham.

In February 1989, the two were given the chance by a friend in the business to display a few of their more adventurously printed sweatshirts at a trade show in Harrogate. They received advance orders worth around £7,000 for delivery in September, and on the strength of that, Paul toured winter sports shops in the north of England and Scotland until he had netted orders totalling £25,000.

"We did a balancing act over the next few months," explains Paul, now managing director of the company. "We needed a unit in which to print our designs, and we had to get capital. We chose Laggan Bridge in Scotland because we liked the area and because the Highlands and Islands Development Board gave us a grant of £6,000 towards the cost of our capital equipment.

"We then needed another £9,000 for equipment, and provision for initial running costs. We took our business plan to a couple of banks without much success, but then, on the strength of our orders, we managed to borrow £25,000 on overdraft from NatWest in Worcester."

The two rented a farmhouse with outlying buildings, taking on a 25-year lease with rent of £200 a month, fixed for 10 years.

"In six weeks flat we had to pull out the cow pens, totally strip the place and install printing machinery," says Paul. "We did it all ourselves, and it was very hard work. But we had a September deadline for our first orders."

The design and printing aspects flourished from the start, as did the selling.

"We have the space and air to think here," says Paul. "It's important from the design point of view; we don't get dragged into a London way of thinking, but keep a distinct identity."

In the first year they had a turnover of £56,000, and managed to pay off a large part of their overdraft. In their second year, though, the company nearly foundered on problems that lay outside their immediate control: the manufacturing and dying of the clothes.

Their first manufacturer provided garments with cheap dyes that ran. "We didn't know enough to specify the correct dyes," admits Paul.

Reacting perhaps too quickly, Walker Slater then turned to a Tunisian factory through the recommendation of a friend. It was an even greater disaster, compounded by the fact it coincided with a foray into the US market.

"The trouble was bad quality control. Each time they mixed dyes they came out slightly differently, and tops and trousers that were supposed to match didn't.

"We knew there was a problem almost from the start, and Frances went there for eight weeks to try and sort it out. But while she got on with the workers themselves, the management just didn't believe a woman held any authority, and they kept cutting corners to the detriment of the quality."

Unfortunately much of this production run was for valuable new US orders. In spite of employing an agent in New York, the company failed miserably. US buyers cancelled orders on seeing the bad colour matching; those who did have decent colour matches were slow with payments. Altogether, Paul calculates the episode cost them £12,000-£17,000, and created a slight loss that year of £3,000.

"Having two dodgy manufacturers could have brought us down," says Paul. At any rate, it brought their overdraft up to its original level. But the US experiment had one beneficial result. In October 1990 the two won a British Airways award for export potential to the US. Through this, Walker was able to make some useful contacts and establish a good working relationship with Shapiro, a garment-manufacturing company in London whose other clients include Arabella Pollen and Katherine Hamnett.

In October 1990 Walker Slater made an unusual hiring: chemist Michael Just. The futuristic element, backed by top quality, gives the company a high profile with buyers, leading to an estimated turnover in the current financial year of £180,000. Orders totalling £15,000 were due over Christmas, with a further £30,000 due in the spring. The company has appointed an agent in London, enabling Paul, who has spent much of his time selling, to concentrate on two largely ignored areas: marketing policy and advertising.

■ *Walker Slater, Laggan Bridge, Invernesshire, PH20 1AJ, tel: 05284-318.*

Highland fling: Paul Walker and Frances Slater found room to think away from London

Computing / **David Carter**

The price of success

TWO WEEKS ago I looked at the recently released Quattro Pro Special Edition from Borland. Priced at £49.95 and interchangeable with Lotus 1-2-3, we found it "by far the best value for money spreadsheet on the market today." But in its prior guise as Quattro Pro 2 the same product won top industry awards only a few months earlier. How does a market leader retailing at £395 in April 1991 manage to turn up as a modest £49 package for the home and small business user in August?

To understand selling prices you must first look at cost prices. The cost price of one copy of any software package is around £5 – the box, a handful of floppy disks, and a manual. Selling a product at £395 when it cost £5 to make looks promising, but of course there are other costs, primarily the cost of developing the product. However, spreadsheet and word processing packages have been around for a long time. They are simple in structure and an experienced development team can write new ones in their sleep. With sales of the top products now in their millions, the big companies have long since recovered their development costs for DOS packages, although new Windows applications are different.

Therefore, one might expect prices to fall from their £395 levels. In any normal market they would, but the software market is different – corporate buyers will not let them.

By far the biggest purchasers of software packages are the "corporates" – big companies and institutions which buy dozens or hundreds of copies at one go. The big companies have the big money and their desire to pay absurdly high prices is legendary. They will pay £100,000 for a mainframe package when a package which does exactly the same thing running on a PC costs £1,000. They take on outside IT consultants at £600 to £800 per day without batting an eyelid. Corporate buyers are happier paying £395 for a computer package: £49 is too *low* – it makes them uncomfortable.

If paying fancy prices makes the big companies feel better, it is the duty of the software companies to keep prices high and relieve them of their money. So successful companies such as Borland, Lotus (whose 1-2-3 sells for £475 and has sold 14m copies), and WordPerfect (whose WordPerfect costs £399 and has sold 7m copies) have kept up price levels long after development costs have been covered, and made mouthwatering profits.

While the cash was rolling in, a nagging question remained. There was a mass market of newcomers to computing who could not afford these prices and would learn their spreadsheets on other, cheaper packages. It is not just computers which get programed; users get programmed too. Once a package has become second-nature people are reluctant to change. This high-price strategy might ultimately prove a blind alley. In spite of all evidence, the gullibility of the corporate buyer cannot be inexhaustible. Surely one day the penny will drop? Profits from the corporate sector would plummet and in the mass market the big companies would be nowhere.

Corporate buyers are uncomfortable paying just £49 for software

To the companies the need was obvious – to grab potential users as early as possible by developing the mass market. But if they came out with a product at a mass market price they risked compromising the image of their premier product. The conundrum seemed insoluble. The big suppliers wrung their hands, but, terrified of what would happen to their existing market if they reduced prices, did nothing.

Then, in November 1990 one of the companies broke ranks. Computer Associates dropped the price of Supercalc, close behind Lotus worldwide, by 80 per cent. In the UK that meant a fall from £395 to £79. The software suppliers held their breath – was this the beginning of meltdown? Now that a leading supplier had broken ranks so spectacularly, would the corporates wake up and ask awkward questions?

Several months later, at their offices in Scott Valley, California, Borland boss Philippe Kahn and his lieutenants anxiously surveyed the industry sales figures. To their surprise, market shares continued about the same. Fewer sales had been lost to Supercalc than expected. Although Supercalc's high street sales had risen, its share of corporate sales had not changed. Emboldened by the Supercalc example, Borland decided it could move into the mass market.

By reducing the price so drastically Computer Associates had achieved higher volume sales, but in the process had downgraded Supercalc's image from a quality to a budget product. Borland would not make this mistake. They would offer *two* versions of Quattro Pro, which would be virtually identical in function but drastically different in pricing and brand image. For "high-end corporate and power users" Borland would introduce a new version of Quattro Pro with a few extra features; then it would quietly repackage the existing version for the "home and small business" market.

Quattro Pro 3 was announced in July, recommended retail price £295. It offered interactive WYSIWYG (pronounced whizz-ee-wig), sideways printing, and "Sound F/X technology to add fanfares, applause and more" to graphics slideshows. (Kahn and his team are not marketing smoothies but enthusiasts who come up with OTT features such as "Turbodrive" and "VROOMM" – Virtual Runtime Object-Oriented Memory Manager). A month later Quattro Pro Special Edition was announced at just under £50.

So what will happen? We know, Borland knows, and corporate buyers know, that 99 per cent of users currently running Lotus 1-2-3 (£295-£475) or Quattro Pro 3 (£295) would find that Quattro Pro SE (£49) provides all the functions they will ever need. So will sales of 1-2-3 and Quattro Pro 3 collapse? Of course not. By selling through the high street, downgrading the packaging, and by the simple expedient of setting the price so low, Borland has ensured that the corporate buyer simply will not *dare* to buy Quattro Pro SE.

When can I count my losses?

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

I HOLD a block of Maxwell Communication shares and worked for Pergamon Press. From what date will the Inland Revenue recognise this block as a total loss with respect to my ability to write off capital gains against it?

■ If, by the end of March, you have made capital gains for the year exceeding £5,500 (and you consider the Maxwell shares of negligible value) you should write to your tax inspector (the letter should reach the tax office by Sunday April 5):

"In accordance with section 22(2) of the Capital Gains Tax Act 1979, I claim that the value of my holding of . . . Maxwell Communication Corporation ordinary shares has become negligible, namely . . . ,and that I should therefore be treated as if I had sold that holding today, April . . . 1992, for that sum and had had immediately reacquired it for that same sum, in circumstances falling outside section 66(1) of that Act".

If your 1991-92 capital gains are only slightly over £5,500, you will have to weigh up the pros and cons of making a claim this April (rather than in April 1993 or later).

Ask your tax office for the free pamphlet CGT14: Capital gains tax – an introduction.

I HAVE had a number of BES investments which went into receivership. I have deliberately not so far filed negligible value claims because I have no immediate utilisation losses, although it is possible that they could be of use in later years. You have implied that a negligible value claim should only be filed when you can use the loss. I have no allowable loss on the original investment as they are BES investments, but indexation relief is available. If I wait until I have a taxable CGT gain, after allowing for the exemption relief, can I claim indexation CGT losses right up to the date of my election or only to the date of the receivership?

■ Indexation relief (on the incidental expenses of acquisition) will run up to the month in which you make your negligible-value claim, unless the company is struck off. On the day the company is struck off, there will be an automatic deemed disposal under section 22(1) of the CGT Act, making any subsequent section 22(2) claim void.

Although, for practical purposes, the deemed sale-and-reacquisition under a section 22(2) claim can be regarded as taking place on the day on which the claim is made (as indicated in the preamble to extrastatutory concession D28 in the free booklet of concessions, IR1), section 22(2) actually says that when the claim is allowed by the inspector the deemed sale-and-reacquisition shall be treated as taking place "thereupon", viz on the day the inspector allows the claim. It may be worth insisting on the strict letter of the law where, for example, the inspector takes a year or two to make a decision and the enhanced loss can be used in the year in which he or she finally gets around to allowing the claim.

We take it that your questions do not relate to section 574 of the Income and Corporation Taxes Act 1988 – income tax relief on certain allowable losses accruing to subscribers in unlisted companies.

Expatriates and the EC

I WORK at Nato, and meet no UK income tax payment criteria. I am UK resident, and my salary is paid in the UK.

I am negotiating an extension of my contract. Such negotiations may be subject to income tax changes brought about by the single European market. Working outside the UK may no longer be considered to be a tax advantage.

■ To get an idea of the way the wind is blowing, you may like to write to the Inland Revenue Public Enquiry Office, Somerset House, Strand, London, UK, WC2R 1LB, for copies of the following press releases:

(December 4) Ordinary residence in the UK – statement of practice; (Dec 4) Individual residence in – the UK – extrastatutory concessions; (Dec 6) Foreign-earnings deduction – visits to the UK.

You must draw your own inferences from these straws in the wind. One should never let one's life be dictated by taxation, so our basic comment must be that you should decide what you would like to do, and accept whatever tax price your chosen path carries.

A fine madness at t'mill

***Lucia van der Post** describes how a part of Scotland's heritage was rescued*

"YOU MUST be mad," said Annabel Stapleton when husband David told her of his latest notion – he had discovered that Hunters of Brora, an old-established Scottish mill, was in receivership and he was proposing to rescue it.

You can see her point of view. They lived in Cumbria, north-west England; the mill was in Brora, a remote corner of eastern Sutherland about halfway between Inverness and John o' Groats. Besides which, he was not in need of employment.

In Hong Kong, he had launched – and guided to great success – W.I. Carr Overseas, a stockbroking company. In the 1970s he had bought Pinneys, a small smoked-fish business, for about £20,000 and turned it into a multi-million pound concern which he sold to Hillsdown Holdings in the '80s.

In Cumbria, he was running a small partnership looking after the wealth of private individuals as well as helping to tend Annabel's family's loss-making estate. David Stapleton could be said to have done his bit in life. But, as he puts it: Hunters of Brora was special. It is the last fully-integrated woollen mill in the Highlands. If it goes, a whole tradition and way of life goes with it as well as the the livelihoods of most of the village.

David Stapleton (left) with consortium partner David Walters in the mill at Brora

Ashley Ashwood

"To anybody in the hunting, fishing and shooting world, Hunters' tweeds and cloths are legendary. Old man Hunter, who started it in 1901, used to buy something like 80 per cent of the Shetland wool crop which he spun into yarn and then sold back to the crofters who, in the long, dark days of winter, turned the yarn into jumpers and the like. The tweeds and cloths are known throughout the world and used by people as different as Daks-Simpson, Burberrys, Calvin Klein, Ralph Lauren and Junko Shimada in Japan.

"I discovered it was in receivership by chance when I went there to buy some of our estate tweed. I couldn't resist the temptation to try to save it. I put together a consortium of five shareholders, all with different interests and abilities, and, after a lot of horse-trading and appeals to the Highlands & Islands Development Board, the Highland Regional Council and anybody else with a 'soft-touch' cheque-book, we eventually bought everything for £39,000. It was a bargain and meant we could put almost all the money we had raised [about £900,000] into developing the business."

Annabel Stapleton and her four daughters, all in Hunters' country jackets which sell for £325 each. The company is now seeking sales agents all over Britain

Hunters' strength is its range of colours. It is a designers' paradise. Piled high in the sheds are some 1,600 colours, often up to seven colours in a single yarn, and an historic archive of literally hundreds of different designs and patterns. "Above all," as Stapleton puts it, "we have a story and a history and people respond to that. But Brora is a little village nearer to Reykjavik than London. Few people come to it. We had to take Brora to the people."

So, they started a mail-order catalogue and, at the same time, improved their little shop in Brora, widening the product range to add things like Fair Isle and cashmere jumpers, rugs, country jackets, scarves and gloves as well as the yarn and tweed the business used to sell. Profits from the shop and mail-order side went up five times – from £42,000 in 1990 to £217,000 in 1991.

More expansion is going to come from a range of furnishing fabrics and floor coverings which they have asked Annie Stewart of Anta (see story below) to develop for them. The mood of the day is with them; in interior design circles, tartans, plaids and the Scottish look are all the rage – besides which, the sturdy floor coverings at between £19 and £25 a metre are a bargain in today's world.

At the moment, Hunters also is looking for agents in every county to sell things like the country jackets, the rugs and the furnishing fabrics from their own homes. And it has just had the largest order in the mill's history: 7½ miles (12 km) of plaid fabrics for curtains, floor and wall coverings for the new Sheraton Hotel in Edinburgh. Everyone is excited about that. "We've got through our first year," says Stapleton. "We have broken even. If we can get £3m worth of sales – which the mill used to do easily between 1980 and 1988 – then we have a viable business on our hands. But if this mill closes, there is hardly a family in Brora that won't be affected.

"People say to me, are we going to do another Pinneys? We are not. This company will never be for sale. We are going to cherish it and make it work."

■ *The mail-order catalogue is available free from Hunters of Brora, Brora, Sutherland KW9 6NA, Scotland (tel: 0408-621-366). Cashmere jumpers (in six colours, V-necked, round-necked and cardigans) are all £99. Tartan rugs, 5 ft by 6 ft in the Big Seven tartans and muted colours, are all £39 each. Country jackets are £325 each. Shooting or country stockings are £29.50 a pair.*

Estate tweeds (Hunters weaves well over 100 different estate tweeds already) can be made to special order; the minimum order is 60 metres.

Samples can be sent of the four different flat-weave plaid floor coverings (36, 48 and 60 ins wide at £19, £21 and £25 a metre respectively) as well as the range of furnishing fabrics.

Tartans fit for a queen

ANYBODY wondering how to use tartan in their home should hurry along to Anta at 141 Portland Road, London W11, where the shop seems to be devoted to nothing but the hundred-and-one things you can do with it. Annie Stewart, commissioned by Hunters of Brora to design a new range of floor coverings and furnishing fabrics, has been experimenting with the Scottish material for years, re-colouring and re-working the ancient theme.

At the moment, there is a serious flirtation with tartan in interior design circles. Any decorating magazine worth its glossy paper devoted pages at Christmas to bedecking candles, tables and mantelpieces with dark, rich tartans; while Ralph Lauren has for some time been showing us the posh American way with tartan, using it on everything from plates and candle-holders to bed linen and rugs. But tartan is much, much more than a temporary decorative phase. Those sumptuous colours with their rigorous purity of lines, . and the satisfyingly geometric patterns – all stand the test of time, and both Hunters and Annie Stewart see it as an enduring classic to be updated and freshened in keeping with modern life.

Anybody who visits Anta will soon see that Annie and her architect husband, Lachlan, really have found new and contemporary ways of building on the traditional elements, lifting tartan right out of the world of the tawdry instant tourist cliché of toffee tins and plastic-coated luggage. Besides producing one-off special designs for people such as Katharine Hamnett, Jasper Conran and Paul Smith, there has been a range of furnishing fabrics and floor coverings for the interior designer Nina Campbell – used in the Duke and Duchess of Yorks' new house at Windsor.

Lydia van der Meer

Annie Stewart in Anta, her west London shop devoted to tartan

Annie has re-introduced the flat-weave floor coverings that were used widely in the 18th century. All woven for her by Hunters from 100 per cent wool, these coverings once were known as Scots carpet but fell out of favour when tufted carpeting came in during the 1930s. Now, though, people are re-discovering them.

They are far more hard-wearing than their plusher, softer, newer relations: for example, the Stewarts are busy organising a replacement for a carpet that has been down for 55 years in a Scottish ancestral home. Over at Balmoral, there is a similar request to replace a tartan floor covering that has been down since Queen Victoria's time. Anta has 12 different floor-covering designs, all at £35 a square metre, but will also make to special order.

For the Hunters' collection, Annie will draw on the mill's authentic tradition – re-colouring the tweeds for furnishing fabrics and using tartan themes for the floor coverings. Hunters is selling four different colourways, among them a specially-attractive soft grey, blue and greenish tartan.

Anybody wondering how to use tartan will find Anta a fund of inspiration. Those in Scotland (and it always seems extraordinary to southerners that Scottish houses make so little use of their own wonderful decorative heritage) might like to look at the watercolours in the exhibition "Royal Residences of the Victorian Era," now on display at Holyroodhouse, Edinburgh. They feature tartan-clad rooms at Balmoral. Part of the secret is not to be too timid, and to balance the bold tartans with gentler ones, keeping to the same tones. If you do not have the courage to go the whole hog, you could start experimenting with some tartan ceramics, a cushion, or the odd rug or two to fling over a sofa. Or you could don a dressing-gown, fill a duffel bag or sling on a coat – all in one or other of the Stewarts' new tartans.

LvdP

Living up to the Aspen image

MAX Wilkinson, editor of the *Weekend FT*, has been an accomplished skier for more than 20 years. But while his skiing technique rarely lets him down, his ski clothing – also of some years' standing – has left rather a lot to be desired.

With his old-fashioned, shapeless, quilted grey jacket, skimpy little woolly hat, army-surplus cotton shirt (£11:99) and trousers tucked into his ski boots, he was (dare one say it) one of those Brits you can spot a mile off on the slopes.

This might be all very well in resorts such as Soll, Sauze d'Oulx or Sol y Nieve, but when Max and I headed for Aspen, haunt of Colorado's skiing glitterati, some sartorial adjustments became essential.

So, I took my life into his hands – not by leading him over a cliff but by dragging him into one of Aspen's leading outfitters. The conversation went something like this . . .

"Max, you're a snappy dresser in the office so why let yourself down on the slopes? You really CAN'T wear that dreadful jacket and that frightful hat in Aspen. I feel I really must protect your image. What on earth would Melanie and Don or Chrissie and Andy say if they saw you like this? That jacket's got to go, for a start!"

"Must it? I'm rather fond of it. I picked it up for $10 at a stall in Beijing six years ago. It's real duck down – made specially for China's export market."

> *'Out went the jacket. And the trousers, gloves and hat . . .'*

"I'm sorry, Max, but you just can't ski in that in Aspen. It's completely out of fashion (never in, I suspect) and far too long. You'll be a laughing stock.

"As for those gloves, you might as well chuck them straight in the bin. You'd get more warmth out of a couple of old socks."

"But they're my cycling gloves from Tesco. What's wrong with them? They are supposed to be skiing-type gloves."

"Your fingers will fall off if you ski with those on Aspen Mountain. It's about 11,000 feet! Keep them for cycling – or just dump them. And those awful trousers. Do you use those for cycling, too ?"

"No, I don't. They're perfectly good skiing trousers. I've had them for only 11 years. They're still perfectly serviceable."

"Get rid of them, Max. And that silly hat. It doesn't even cover your ears."

"What's wrong with it? If you think this is bad, you should see one I left behind in London. It's also woolly but it's shrunk into a funny shape. But, honestly, I don't know why you're being so critical. When I took up skiing in the '60s, nobody thought of it in terms of fashion."

"So I see, Max."

"My family have never been great ones for fashion. My great-uncle Ernest used to ski in the Austrian Tirol in an old tweed jacket. Why would you want to wear anything fashionable or smart outside, where no-one is looking at you?

"Besides, all my ski gear is still perfectly serviceable and, what's more, extremely comfortable."

Fortunately, fate took a hand. The hat fell off during a testing run through the trees and, happily, a search for it was unsuccessful. If ever it was located, we shall never know. Certainly, it was never handed in to lost-and-found where fur coats and jewellery, rather than old woolly hats, tend to find their way.

Above: Max Wilkinson resplendent in his new outfit: Meister turtleneck, Bognor one-piece ski suit and slightly-touristy Aspen headwear. Below: The old Wilkinson . . . one of those Brits you can spot a mile off on the slopes

Then there was another bit of luck. His trousers were ripped – more power-skiing to blame. Warmth and modesty gave me an excuse to drag him, although not without considerable protest, to Bill McDonough's emporium, the Crystal City of the Rockies, where a new man could be made of him.

What did McDonough think should be changed?

"Everything!" he said candidly, with a wry smile. Out went the jacket. And the trousers, gloves and hat. And out went the blue shirt.

On went the Meister turtleneck ($24), the magnificent Bognor one-piece ($688) – "not a cheap suit," Wilkinson remarked, grimly – the beautifully-soft kid gloves ($75) and the slightly-touristy Aspen hat. There was even a pretty Aspenite draped admiringly around his shoulder to help along the new image.

And, hey presto: a Wilkinson to admire and be proud-of was ready to hit Spar Gulch, Copper Bowl, Ruthie's and all the other glamorous trails on Aspen Mountain. Even he admitted (grudgingly) that there had been a slight improvement.

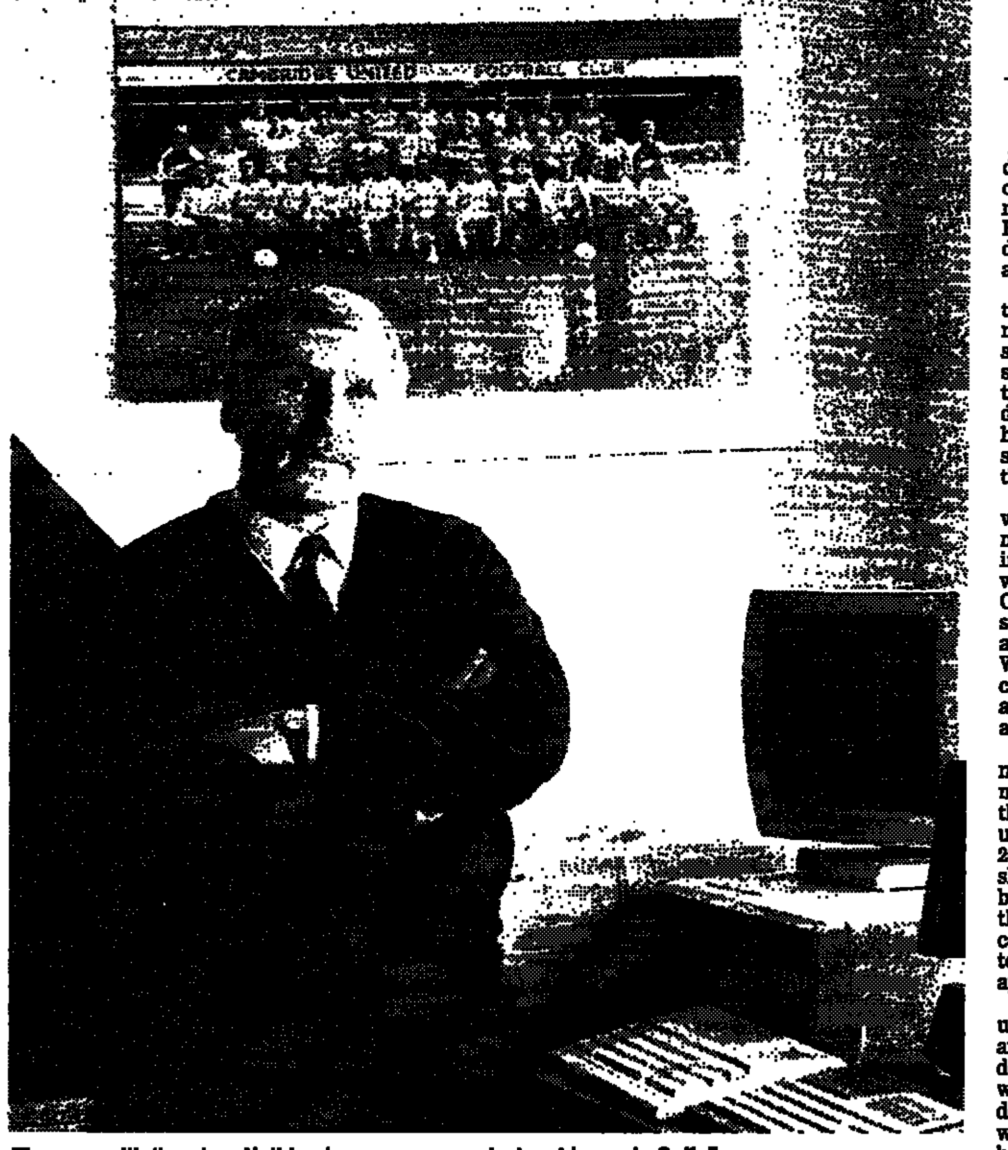
But after a day skiing in the footsteps of Jack Nicholson, Donald Trump, Robert Wagner *et al*, he couldn't help sneaking a final glimpse at that Chinese jacket he was persuaded to chuck in the dumpster in the Aspen Mall just to see if it was still there. It was.

Nobody in Aspen, it seemed, was prepared to give it house room. And, even then, he was tempted to retrieve it. It was, after all, still perfectly serviceable.

No, Max. Leave it where it is. Once you have been re-made, there is no going back.

Arnold Wilson

SPORT


The man with the plan: Neil Lanham, soccer analysts, at home in Suffolk

Soccer/**Peter Berlin**

Playing by the numbers

NEIL LANHAM does not *look* like Dr Frankenstein. He is short, with tidy grey hair and a clipped moustache. He dresses conservatively, and looks like a country auctioneer up in town on business – which is precisely what he is. His other business, as it is every Saturday afternoon, is "soccer performance analyst" for Cambridge United.

Only the glint in his eye when he talks about football suggests he has a mission. Like the fictional Dr Frankenstein he has tried to shine the light of science and reason into a world of tradition and superstition. And like the poor doctor, his reward is to see the teams he has helped build reviled as monstrosities. Critics of his methods say they destroy the artistry of soccer.

Lanham qualified as a chartered surveyor "which is all about measurement." He now works as an auctioneer in Suffolk and lives in a village that was also home to Wing Commander Charles Reep, who brought a statists to soccer and advised Stan Cullis, manager of the successful Wolverhampton Wanderers side of the 1950s. Lanham caught the bug from Reep; he still has all the Wing Commander's statistics, and has built on the work.

Reep believed that "soccer is dominated by chance" – which does not mean that games are random. It means that every pass, shot, or tackle has an unpredictable result. A team can shoot 20 times in one game and not score, and shoot twice the next week and score both times. However, over the season, the ratio of shots to goals will be fairly constant. There are, says Lanham, "patterns that occur and occur again. They apply to all teams, at all times."

One of his many mottoes is that "figures do not cease to exist because they are not counted". However, most teams do not count them, which means they will be at a disadvantage to those who do. That is where Lanham comes in. He watches games with pencil and paper in hand. He has, he says, 400 statistical categories to measure the game, but is reluctant to discuss most of them in case the competition works out what Cambridge are doing.

Lanham started by watching soccer matches on his own. Then he wrote to clubs offering his analysis. Many did not reply, but Dave Basset, then manager of Wimbledon, phoned at once. In Lanham's spell at Wimbledon the team won promotion twice. He worked with Bassett again at Sheffield United, and won promotion twice. Under Steve Coppell, he helped Crystal Palace to win promotion, again twice. Finally, he joined John Beck at Cambridge. The club has since climbed from the fourth division to the upper reaches of the second and is challenging for a place in the Premier League.

Coppell, Bassett and Beck are hardly Lanham's puppets. They built teams from richer club's unwanted parts, from rough diamonds and hard nuts dug up from non-league clubs. All coached teams fit enough, smart enough and committed enough to stick to a plan; a plan drawn, unmistakeably, to Lanham's blueprint.

Those figures that Lanham is prepared to discuss reveal an overall view of how teams win games. He says figures show that most goals are scored from moves involving three passes or fewer – although, strangely, he includes goals from penalties, as "no pass" goals – there is little point in trying to pass more often. The more often you pass, the more chance of an interception.

This leads to a second theory: that it takes on average 182 possessions to score a goal. Lanham says this is a "near constant figure" for all four divisions of the English league and the World Cup. His next point is a surprise: teams which manage to score on fewer possessions also concede goals less frequently, so the average in their games stays roughly the same.

"We attack to win and we attack to win the ball back," says Lanham. "Two thirds of goals come from possessions won in the final third of the field."

Teams which press in the last third of the field all the time are more likely to benefit from opponents' errors and less likely to suffer from their own. The cardinal soccer sin, says Lanham, is being tackled in possession. This often leads to goals because a team is caught shifting into attacking positions. That is why Lanham is not keen on players "self-indulgently expressing themselves at the expense of team."

The products of his theories are teams which move the ball directly and quickly into the opposing half at the first opportunity: a tactic known disparagingly as "route one". Teams which has tenacious rather than skilful midfield players and, above all, teams which plays as a team.

Lanham insists that it is entertaining. "We take great risks to keep the ball with our attackers at all times. We believe that that is exciting football." It is often exciting but rarely pretty. – But Lanham teams get results. They may be painting by numbers, their work may appear ugly beside the artistry of the games' old masters, but the trophy cabinet looks good at the end of the year.

Not everyone is a Lanham fan. A glance at last Sunday's papers reveals the hatred many feel towards his methods. Last Saturday, Cambridge lost 3-0 to Swindown Town in the FA Cup. Swindon have become model of artistic football under two former international midfielders, first Osvaldo Ardiles and, latterly, Glenn Hoddle.

"Swindon slay the Cambridge beast," gloated the headline in one of the quality papers. "Long-ball bores cut down to size," crowed a tabloid. "Even better, Cambridge were thrashed . . . their sterile strategy discredited," it continued. "The kind of mindless, boring drivel produced by Cambridge and kindred spirits is a curse on the game."

There was similar bile in other papers. This weekly treatment makes the ability of Beck and his players to stick to their strategy all the more admirable.

Lanham reads such reports. The jibe that irritates him is that Cambridge are mindless. "That is one thing we are not, everything we do is thought out." On the other hand, he knows that chance will average out over the whole season: Cambridge have already beaten Swindon twice in the league.

Lanham says he knows why his approach is so unpopular. This is where his theory of soccer and his theory of life overlap. Football fans are not interested in facts or teams, they care about individuals and "unfounded opinion."

"As Howard Hughes said, 'I am interested in why the sun comes up tomorrow morning'. Most people are interested in their fellow men. Most people are interested in individuals, not teams.

"There is this thing called 'hype', man can only see individuals, not the team. Why do people watch Coronation Street, rather than, say, a factual programme on Mussolini?"

Lanham says soccer attracts the opinionated. "If I hear my mates talking football in the pub I can't join in. That would deny them their right to an opinion." But then another of his mottoes, a quote from Lord Montgomery, runs: "Unfounded opinion is valueless."

Lanham believes his analysis could be harnessed to different teams. He could, he says, work for a club such as Tottenham and help them get better results without abandoning their style.

For all his 400 categories, his computer and his banks of files, the statistic that counts is the one on his letterhead: eight promotions. The press and many fans may think the team he has helped create is a monster, but if Beck and his players do not decide they want to be loved, Cambridge will continue to enjoy success beyond its modest means.

Rugby Union / **John Hopkins**

Harlequin's last bow

IF SIMON Halliday has as good a game against Ireland at Twickenham this afternoon as he had against Scotland two weeks ago, then the Irish had better look out. At Murrayfield, Halliday was not just the dominant back nor the dominant Englishman but arguably the dominant figure on the field. He gave a performance of all-round play the like of which I have not seen for many years.

Let us count the individual touches of England's right wing. They began with Halliday catching the ball deep in his own half and near the right touchline. Not much room to work with here. Boom! Halliday right-footed the ball 40 yards down the touchline and into touch, a distance and accuracy that a stand-off or full back would have been pleased with. It was a reminder that he was good enough to kick two penalties for Oxford in the 1980 Varsity match.

This was followed by some mazy running. Halliday is 6 ft tall and strong with it and on occasion is used to burst on to a flat pass at full speed. Then he is about as easy to stop as a runaway car. Against Scotland he more often demonstrated the art of elusive running, easily and light-footedly shimmying past tacklers in a way that belied his 14-stone plus. One remarkable run when he linked with Jeremy Guscott led to the try by Dewi Morris.

In between this was some stout tackling in defence. "Yes" said Halliday last week when he cast his mind back to the Calcutta Cup match. "In terms of doing things right or wrong it probably was my best game in the five-nations' championship. It was very satisfying, that game. I have played at Murrayfield five times for England. The first time, 1986, was a record loss – 33-6. The last was a record victory – 25-7. Since it was the last time I shall play an international there it was nice to finish like that."

Then Halliday was wearing the white of England. Now he was dressed in a dark, double-breasted suit, the uniform of the City. Then he was intent on doing his bit for England. Now he spoke quietly and seriously over lunch in a City restaurant, a drop kick from his office at UBS Phillips & Drew.

'I laid the ball off well. For a centre that is the first responsibility'

His open face was marked by the hint of a scar running down the side of his right eye and blobs of bloodiness in the eye itself. The stitches, he explained, were the relic of a collision with his Harlequins' team-mate and England captain Will Carling. Halliday ran a finger tenderly down the fading scar. "A pure accident, of course," he said.

He attacked his fillet steak. "But that was not the best game I have played for England," he said. "My best game was against Romania in Bucharest. I laid the ball off well. For a centre that is the first responsibility. And I helped to operate a smooth back line. That is another of a centre's responsibilities."

Alongside him that day was a young Englishman making his debut, Guscott. Thanks in part to the service he received from his mentor, Guscott scored three tries. Halliday, laying the ball off well, scored none.

There is a school of thought that says that the precocious Guscott has lost his cutting edge in games for Bath since Halliday moved to Harlequins for the start of the 1990/91 season. Not until Bath beat Leicester in December did Guscott look as though he had recovered from the departure of his old team-mate.

Halliday the Harlequin. There is a touch of the gilded youth about him, an all-rounder on and off the pitch, one to whom things come easily. A graduate of Oxford where he got a third in modern languages and classics ("you can say I got an honours degree if you like") he speaks French well enough to have acted as England's interpreter after the tense game against France in the quarter-final of the World Cup.

He also represented Oxford at cricket and got close to a blue for squash. He is, says a friend, devastatingly quick at crosswords, as is Rory Underwood, the other England wing. Halliday's rugby career has been hampered by injuries and selectoral quirks such as not picking him. Paradoxically his ability to play both centre and wing at the highest level counted against him.

Perhaps life mirrors sport after all. A strength of Halliday's is that he is good at teamwork, doing what is best for a team without more than the odd cheep of disapproval. It began at Downside School when he had one year as a wing and two as a full back. It has continued for England – 15 caps as a centre, five as a wing. It is true at his job. As a salesman handling equity funds on behalf of clients he works closely with five colleagues. "You need an ability to work in a structure and though others must say whether I am a team man I think I have an ability to work in a team. I hope so."

Halliday will be 32 in July. This is his last season for England. It is a good time to finish. The World Cup is over. An England B team will tour New Zealand this summer and he has no desire to be in it. He began his club rugby with Harlequins and will end it there this season. Life turns full circle. It is time for a change.


Team player: Simon Halliday

Fishing / **Tom Fort**

Lured by wild Irish trout

A LITTLE way out of Cahir, in the green and glorious county of Tipperary, I spotted a fine mansion standing in rolling parkland. It was, I was told, a place of refuge for priests to fight the grip of the demon drink. Innocently, I asked if it was full. "They say they're building an extension," my informant said with a laugh.

Doubtless this was no more than just another impious calumny against the Roman Catholic church. But it occurred to me that if I needed to flee the noisome world to grapple with temptation, a grand house overlooking the finest trout river in Ireland would be no bad place for it.

The river is the Suir, which rises in the Devilsbit mountains north of Thurles, flows south to the feet of the Knockmealdown mountains (what wonderful names the Irish give their gentle hills), then forges east to Waterford and the sea. Although I have fished no more than four or five of its 115 miles – with precious little to show for it – it fascinates me more than any river I have known.

This is partly on account of its scale. It is, for the most part, wide, deep and powerful: it is essential to wear chest waders to fish it properly. Even more potent is the Suir's wonderful vitality, its abundance of life, which has survived innumerable atrocious incidents of pollution. It is thick with weed, bursting with insects, teeming with incredible numbers of trout.

It took a master angler of a bygone era, Sir Edward Grey, to discover the Suir's fabulous potential as a dry fly river. Grey had learned the art on the exacting waters of the Itchen at Winchester, but he found the trout of the Suir almost uncatchable, even though they had at that time (around 1880) never seen a dry fly.

Being a master, he kept at them.

He found that if he kept low in the water and delivered the fly over the fish without drag or showing the cast, they would take. On his best day he caught 11, the two biggest each over 2¾ lbs.

Now, I will never be a master. When I first went to the Suir, seven or eight years ago, I was mindful of Sir Edward's words, and kept at it. The difference was that in two days of the most intensive effort I did not rise a fish, let alone catch one. They fed all around me, continuously, and I cast at them. But they were contemptuous of my hamfisted pretences, and I left much subdued.

A humiliation like that lingers in a chap's mind. Wherever else I caught trout, I remembered how the Suir had trounced me. Last summer I went back. I am older and wiser, I told myself, whereas the trout cannot grow wiser. This time it would be different.

They were two wild days. On the first, we were at Suir Mount, downstream from Ardfinnan, where the record Irish salmon of 57 lbs was caught a long time ago. A furious wind howled upriver, making casting a dangerous farce. It quietened in the evening, giving promise of a compensatory evening rise. The promise was illusory.

Next morning we went to Swiss Cottage, a magnificent stretch below the town of Cahir which is controlled by the local angling club. Here the wind was roaring upstream, unleashing frequent icy downpours and making life very unpleasant. But as we cowered in the lea of some shuddering willows, we witnessed a marvellous sight: great clouds of olive flies hatching and being hurled this way and that by the gale.

The trout began feasting, and we rushed forth. Casting was a soul-destroying business, as the wind kept whipping the fly off the water or lashing the cast down on the surface like a snapped hawser. Yet every now and then providence permitted a fish to be covered properly, and then it might take. I duped two, my friend Niall three.

A couple of hours of this buffeting was as much as we could stand. Local opinion suggested that shelter from the blast might be found at Ballycarron, upstream from Cahir.

So it proved, and there was enough fly still hatching to keep the trout interested. I found a queue of them rising in an even-flowing run between high banks. I slithered down, balanced on a tree stump, and attacked them in a calculated, level-headed, panic-free manner. Two hours passed in a flash before the hatch petered out. By then I had caught two.

If you wish to test yourself as a fly fisher, try the Suir. It and its tributaries offer an inexhaustible amount of fishing, most of which is available to the visitor at extremely modest cost.

The Southern regional fisheries board has published a guide with enough information to enrich several lifetimes. There are innumerable places to stay: as good as any is Mrs Ryan's at Clonanav Farmhouse, Ballymacarbry, Clonmel, which specialises in fishing.

But a word to the wise. Those who normally fish for the fat, pellet-fed, half-witted stocked trout of over-manicured English chalkstreams should be prepared for a shock. One wild Suir one-pounder will demand more of you than any of your flabby four-pounders from the Test.

This fishing is more difficult than anything you have imagined. Be prepared to eat of the pie of humility.

Motoring

Motor trade heads for a crash course in change

*A new report predicts a shake-up in the way cars are sold and serviced. **Stuart Marshall** reports*

TODAY'S CARS may be crammed with high technology but the way in which they are sold and serviced has changed little in half a century. The motor trade, reeling from the recession, is due for a shake-up from which the customer will emerge as king (or, presumably, queen).

This is the gist of a controversial paper* from a London-based marketing consultancy which, among other things, forecasts:

■ Lower new car prices as other makers follow the trend set by Vauxhall, which cut dealer profit margins when launching the latest Astra model.

■ New kinds of dealer. They will not stock full, runabout-to-luxury-car ranges from single makers but one type (say, city cars, small family cars, prestige saloons or 4x4s) from a variety of manufacturers.

■ A decline in sales of costly prestige cars, partly from environmental pressures but also because "there are few practical reasons for spending more than around £10,000 on mobility."

■ The separation of car selling and servicing.

The authors of the report think that customers get a rotten deal from today's dealers. Salesman "hover with price on their minds" in outlets which, although often large and luxurious, are run on out-of-date lines.

Dealers take their title too literally and over-concentrate on closing deals. There is too much emphasis on prices and discounts. Test drives – "a natural part of the product evaluation process" – are not always offered when asked for. When they are, the right model is often not available. Even when given, test drives are often too short and customers are made to feel under an obligation to buy.

Because most potential buyers suspect that practically the only thing the salesman will talk about is price, they find out about the cars in which they are interested from other sources. Then, they draw up a short-list and visit three or four franchised dealers they hope will have them in stock.

"On a wet Saturday afternoon . . . with a young family in the back, this is a far from convenient or uplifting experience," says the report. It concludes that customers see most car showrooms as distinctly hostile places because too much has been spent on tarting them up and not enough on training the staff. "It is not furnishings which make for a friendly and informative experience, but people with the right training and attitudes."

Continental dealers, especially German and French, are held to be much better at initiating sales rather than merely taking orders and haggling about prices. Britons often complain that, once they have bought cars, salesmen rarely have the courtesy to follow up to ensure they are satisfied. They are made to feel that servicing dealerships put their own convenience before that of the customer. It was hardly surprising that, as soon as their cars were out of warranty, customers went to more responsive or cheaper service points.

The authors do not say what they think will happen to car servicing – which is to be the subject of their next report. But there is a straw in the wind. A leading Japanese manufacturer is said to admit that its cars really need servicing only every 25,000 miles (40,000 kms). Oil companies confirm that their latest products will last that long, as will brakes and spark plugs if made to the right specifications.

The motor trade will, of course, have none of all this. It is waiting anxiously to hear what the Monopolies and Mergers Commission report (due in a few weeks) has to say about the way it conducts its business. In the meantime, it keeps a stiff upper lip.

Does *Death of a Car Salesman?*, the title of the report, over-state the case against the motor trade? I take no sides. When I was young, I was made to feel very small by car salesmen with regimental ties who emerged from behind potted palms in wood-panelled showrooms. It is different now that I know more about the cars they are selling (and much more about their competitors) than they do.

Some years ago, I changed the make of our family car mainly because the girl receptionist at the local servicing dealer went out of her way to irritate mature women customers, my wife included. She must have cost that franchised dealer a lot of business.

One former customer switched to Honda. Two days after taking delivery of her Civic, a bouquet and a "call us any time you need us" letter arrived from the dealer. She will never buy anything but a Honda again.

In my experience, the treatment a car-owner receives from a franchised dealer can range from excellent to appalling. The best defence against the wrong 'uns is to vote with your feet.

**Death of a Car Salesman*. Burkitt Weinreich Bryant, Glen House, 200 Tottenham Court Road, London W1P 9LA. Tel. 071-636 9801.

A lower-profile launch for BMW's new coupé

This is BMW's new 3-Series coupé, which goes on sale in Germany later this month and reaches Britain in April. There will be three versions; a four-cylinder 318i and straight-six 320i and 325i (pictured). All engines have four valves per cylinder and develop 140, 150 and 192 horsepower respectively. The coupés look (but, in fact, are not) longer than the saloons because they are slightly lower and wider. Power-operated windows are programmed to open a crack automatically to make the wide doors easier to close. Both front seats are height-adjustable and the rear seat back-rests fold flat to extend the boot so that long items can be stowed inside.

WHY IS the fine wine market like the M25 on a Friday night? Because, as one merchant put it last week: "It's just completely blocked." There may be some takers for the oceans of good red bordeaux available at the moment, but the red burgundy market has always been almost too complicated to contemplate, and never more so than now with *négociants* (merchants) such as Louis Latour and Drouhin discounting while others dither on the sidelines. Only futures in 1990s seem to be eliciting much interest, perhaps mainly from those who know they will not be buying futures in 1991 bordeaux.

London's burgundy specialists are reacting in very different ways to this impasse. Anthony Hanson, of Haynes Hanson & Clark, SW6, is taking time off selling to write a second edition of his controversial and much-needed book *Burgundy*. Jasper Morris, of Morris & Verdin, SW1, has bought a house in Burgundy, the better to observe the machinations of what has been, until the market standstill finally persuaded them otherwise, France's most introvert wine region. Graham Chidgey, of Laytons, NW1, has diverted his energies more radically by finding mature Moldavian bargains for his new Russian Wine Company in W1. While Howard Ripley, of N21, always had his dental practice to keep him busy.

But perhaps the most interesting diversion from the fruitless business of selling top quality burgundy to the British is what Simon Taylor-Gill of Domaine Direct, WC1, is up to: trying to sell top quality New World wines to the French.

Ashley Ashwood

Jean Frambourt, president of the Association des Sommeliers de Paris, tasting wines from America, Australia and New Zealand

Sending wines to France

***Jancis Robinson** uncovers a plot to get the French drinking Napa and Coonawarra*

Certainly, it will not be easy. The French market has its own *blocage* problems, with fine wine bought cheaply flooding in to the supermarkets. But if anyone manages the impossible task of persuading the country that invented chauvinism to at least list the odd bottle from Australia, California and New Zealand, it may well be Taylor-Gill.

Although he could not sound more Oxford to the English – in fact he always gives the impression of being in a great hurry to go and give a lecture – he was born in Australia and was taught French at the university between 1975 and 1978.

He has spent much of his subsequent working life in France. Often calling himself plain Simon Taylor – "as a teacher I find it easier not to present stuff you know they won't get right" – he has divided his French time between setting up tertiary education programmes in Paris and sniffing out the best wines in Burgundy, where he spends a week a month.

He and his partner, Hilary Gibbs, founded Domaine Direct in 1981 to ship wine from small domaines in Burgundy to Britain because this *négociant*-busting activity seemed to fit in well with his trans-Channel life. "I never set out to be a wine *merchant* – in fact if challenged it would be quite difficult to get that information out of me at a party," he says defensively.

But his donnish manner, intimate acquaintance with the wines he sells and insistence on such frills as refrigerated transport from Beaune to London for these particularly fragile wines, has steadily built them an enviable list of clients. Restaurants account for about three-quarters of their business and the Domaine Direct laser printer is now responsible for the layout, if not total content, of an impressive geographical spread of restaurant wine lists around Britain.

There is a small problem, however. Even Taylor-Gill admits that he only drinks these lovely red burgundies on special occasions ("God, I do hope you don't quote me too closely on this") an economy measure reflected up and down the land. "We would probably have been much better off just sitting in Jersey broking the stuff," he admits. "No we haven't made money – but we do know lots of nice restaurateurs."

Hence the emergence of Domaine Direct Distribution. Its immediate task is to persuade the better restaurants in France, and eventually beyond, that their wine lists are incomplete without some representation from the best New World upstarts.

A first tryout in Lorraine in northern France was a wow, except that, blind, the assembled French company preferred Domaine Direct's Western Australian Chardonnay from Leeuwin Estate to some of their own white burgundies. The new company's Paris debut was a much more severe test – no French wines for comparison – with 50 top tasters from the *Association des Sommeliers de Paris*, including representatives from the Grand Vefour, Hediard and Fauchon.

It is typical of Taylor-Gill that what really excited him about this event was not whether his wines went down well, but that from various members of the assembled French wine experts he heard "four near-perfect tasting notes – England doesn't prepare you for people who can give you a perfect food and wine match on the hoof either."

Jean Frambourt, association president, said politely that these ten alien bottles clearly contained wines of quality that had been made with a "different approach" to the French one. Taylor-Gill admits that they found the whites in particular too sweet and too heavily stylised to suit the (anglophone) market instead of being, as a French wine is, made to express their *appellation*, their exact provenance.

It is clearly going to be an uphill struggle. Tim Johnston and Mark Williamson of the famous Willi's Wine Bar have sold two bottles of their Rutherford Hill Cabernet Sauvignon 1986 in two years. The most energetic California exporter Robert Mondavi may have listings in France but they tend to be of the Hilton at Orly Sud variety.

There are signs of some success already, however, even if they are probably the result of Taylor-Gill's brand of intellectual bullying on those he knows best in French *restauration*: you can now find the great Australian, Penfolds Grange, at two restaurants in Burgundy, and other New World wines via DDD at establishments in Alsace-Lorraine and St Etienne. After Paris, Lyon and Nice are Taylor-Gill's next targets, but he knows that this coals to Newcastle exercise has its limits. He is not even going to invest the air fare on a sales trip to Bordeaux.

■ **Domaine Direct, 29 Wilmington Square, London WC1 071-837-1142.**

Bangers and burgundy

***Nicholas Lander** meets the man behind London's top dining clubs*

MARK BIRLEY would have been a very successful restaurateur. Instead, he became the king of clubs. The success of Annabel's, London's smartest night club, which he opened in 1963, was followed by three other private clubs, Mark's Club, Harry's Bar and the Bath and Racquets Club.

Restaurateurs view clubs with envy, coveting the membership and the annual income it brings. At Birley's clubs the annual membership fee is £500 plus a £250 entrance fee – overseas membership is $250 (£138). The size of the clubs' membership is secret but each must have several hundred members with more at Annabel's. Any restaurateur would be thrilled to start the financial year with rent and rates paid for.

Clubs have other advantages. Competition is less intense, they can be extremely discreet (Mark's Club does not even have a sign on its door), they do not have to post their menus outside and there is no need to curry favour with guidebooks, court restaurant reviewers or follow the whims of gastronomic fashion.

The licensing advantage which clubs used to hold has almost disappeared, but private clubs are less prone to police scrutiny.

However, there are disadvantages too. Clubs have to maintain a much higher staffing level and fill more administrative jobs, such as membership secretary. As meeting places they must stay open longer and cater for the unprofitable country member who wants coffee and the newspapers at 10am.

As one restaurateur who also owns a club put it: "In my club the staff are all ready at 9am – in the restaurant they are just putting their bow-ties on at 11.45am."

There are commercial limitations, too. Once ensconced there is no guarantee that a member will spend. Clubs also have to be more flexible in their menu content: at Mark's Club grilled tuna with garlic butter sits alongside bangers and mash. And clubs cannot advertise themselves out of a recession. On a Saturday night, when the West End is full nearly all London clubs are either at their quietest or closed.

Trevor Humphries

Club for big cheeses: the comfortable good taste of Harry's Bar

Into this delicate financial equation Birley has introduced the convictions that would have made him a successful restaurateur. The dining room must satisfy the eye as well as the stomach; it must be comfortable and not a hushed temple to gastronomy. Above all, it must be spotlessly clean.

Birley justifies his clubs' membership fees quite simply. It allows him to close each club for three weeks every year so that it can be entirely refurbished – a luxury no restaurant can afford. It also allows staff a complete break which minimises staff turnover and permits a quality of crockery, cutlery and glassware that would last no more than a week in a normal restaurant.

The clubs' interiors exude his own vision of comfortable good taste. Mark's Club, with the bar on the first floor above the dining room, still gives the feeling of being a much-loved private house. At Harry's Bar great attention has been paid to the fixtures and fittings – the chandelier is Venetian, the tables and chairs were especially commissioned but it was the artistic touch to the food which thrilled me. A gleaming silver glass-topped carving trolley proudly bore an enormous parmesan. Near the entrance were a large basket of wild mushrooms and a silver wine cooler containing bottles of their own raspberry, juniper and camomile grappas.

Birley's has strong views on food and wine. Over a lunch of Morecambe Bay potted shrimps, grilled plaice, spinach and new potatoes, he expounded the virtues of simple, well-cooked food. He has an exceptional talent in Michael Hasler, who has been chef for the past 20 years at Mark's Club. The black mushroom soup which I tasted there would grace any top French restaurant.

The wine lists contain some of the most sought-after wines produced in France. At Harry's Bar Italian wines are a speciality.

At Harry's Bar, Birley may have lost the battle for simplicity to Alberico Penatti, the chef described by one supplier as one of the best judges of fresh produce in London. As you sit down a wooden tray of excellent salami and ham is placed before you; home baked grissini and bread follow as does a tray of small pizzas. After the main course come bowls of chocolate coffee beans and top quality "chocolate flake". The £3 cover charge is high but you could easily make a profit.

Dinner costs £50-£60 per head without wine. It is expensive but was impeccable – spaghetti with fresh sardines, a classic rendition of *ribollita*, the Tuscan vegetable soup, a *ragout* of snails, fillet of beef and polenta and the extras that make Italian food so exciting – liberally grated fresh parmesan and lashings of superlative extra virgin olive oil. There are many dishes I would happily return for: a warm salad of carp; scampi and watercress; and turbot with artichokes and black truffles.

A big compliment to Harry's Bar came from an Italian businessman entertaining an American at the next table. Without bothering to look at the menu he told the waiter: "I know what I want and I will order for us both." He obviously thought he was back in Italy.

■ **Membership details for all the four clubs are available from 46 Charles Street, London W1X 7PB. Tel: 071-491-1478.**

Cookery

Luscious lamb for lean times

CONSPICUOUS consumption, so they say, is out in the caring 1990s. Cheap is in. Comfort food also is in – in fact, I would say it is essential when winter is at its wintriest, as now. So, you will understand just why bony, gelatinous cuts are centre stage on the culinary scene with tails, ankles and shins seemingly the most desirable meats of the moment.

Butchers report a sudden, greedy surge of demand for such things as pigs' trotters, marrow bones, shin of beef and ossobuco (shin of veal). Three butchers in my area sold out of oxtail last week; delicatessens were doing a roaring trade in zampone (pigs' trotters stuffed with sausage meat); and there were mini-scrums in the supermarket around cabinets housing packets of chicken wings and lamb shanks.

When you buy a leg of lamb, usually it comes complete with shank – for the shank is, of course, the tip of the knuckle end, the part that is more bone than meat and often is half-cut through so it remains attached to the main part of the leg by a hinge of flesh.

When the joint is roasted, even if that is done only until rosy pink through the centre of the leg, the meat of the shank invariably is cooked very thoroughly – rich brown and scrunchy. Many regard it as the prize titbit. In some households it has become the cook's perk, severed quickly from the joint and nibbled greedily while making the gravy before anyone else can lay claim to it. In others, it is demanded as the carver's reward.

I had not realised until quite recently that I could buy lamb shanks on their own, without the rest of the leg attached. The ones I get come in frozen pairs from New Zealand. Much larger, more meaty and less fatty than the mini-shank on a home-produced leg of lamb joint, these shanks are, I suppose, the trimmings produced when the thick parts of legs of lamb are cut across the bone to make leg steaks.

Weighing 6-8 oz each and costing about 85p a pound, one lamb shank makes a meaty feast for one person. If this is poor man's leg of lamb, then I am happy to be a pauper.

LAMB SHANKS ON A BED OF BEANS AND CELERY
(serves 4)

Lamb shanks can be open-roasted, just as you would cook them when attached to whole legs of lamb. Very good they are, too, when cooked this way, particularly if the skin is rubbed with salt and a fine sliver or two of garlic is slipped between flesh and bone. I reckon, though, that pot-roasting is preferable as it prevents the meat from becoming slightly dried out and chewy – no need for toothpicks.

I rate butter beans as bland and boring generally, but this way of cooking them is very good. In fact, I like it so much that I am inclined to make a double quantity and use the leftovers, thinned with stock and freckled with parsley, as soup.

Dried broad beans are more flavoursome and mealy than butter beans, and I recommend using them instead if you can find an Italian deli or whole-food shop that stocks them.

The coarse, outer parts of celery will do well for this recipe provided they are scraped to remove any strings that might tangle with the tonsils. Save the leafy, tender celery hearts for braising or munching with cheese.

Ingredients: 4 lamb shanks weighing 6-8 oz each; 4 thin slices of onion; a dribble of olive oil; 6-8 fl oz stock (or a few tablespoons of wine plus stock or water); 8 oz dried butter beans or broad beans, soaked overnight; 8-10 celery stalks; 1 garlic clove (optional); 1 pt or more of milk (if using semi-skimmed, you might like to consider adding a few tablespoons of cream at the end of cooking); freshly-grated nutmeg; a few spoonfuls of chopped parsley.

Method: Choose a heavy, flameproof casserole or pot-roaster and heat it. Film the base with a dribble of oil. Add the lamb shanks and cook for five minutes over medium-high heat to colour them well all over.

Lift out the lamb and pour off and reserve any fat yielded in the process of browning the meat. Put the onion slices into the casserole, placing them side by side, and lay a lamb shank on top of each.

Pour on the stock or wine and water. Let the liquids bubble up and sizzle for a few seconds. Then, cover the pot and put it into an oven heated to 180 C/350 F (gas mark 4). Cook for about 75 minutes, basting or turning the lamb shanks occasionally, until the meat is tender and succulent. Meanwhile, prepare the bed of vegetables.

Swirl the beans in their

soaking water and some of the skins will float to the top like the discarded chrysalids of newly-emerged butterflies. The rest will slip off readily if the beans are pinched or rubbed between fingers and thumbs. Drain the naked beans (discarding the spent skins), rinse, and drain again.

Put the beans into a heavy-based saucepan. Cut the garlic into slivers and add it. Pour on the milk and bring to simmering point. Season with plenty of nutmeg and black pepper but no salt. Simmer over a very low flame (with the lid just askew lest the milk try to foam overboard) until the beans are very tender – say, 45-60 minutes.

Stir the beans occasionally, particularly towards the end, to prevent sticking. Add more milk or a little cream if the mixture looks dry and needs enriching, or remove the lid completely at the end to drive off surplus liquid if it is very sloppy.

Season the cooked beans with salt and crush them lightly into their sauce, using a fork. Aim for a rough, knobbled purée – not, repeat *not*, a smooth baby-food pap.

When the lamb is nearly done, skim surface fat from the casserole. Use a tablespoon or so of this (or lamb fat yielded when browning the shanks, or a knob of unsalted butter if preferred) to fry the crescent-moon slices of celery. Cook the celery until it is thoroughly hot and beginning to soften a little, but let it retain some bite to contrast nicely with the creamy tenderness of the beans.

Stir the celery and beans together, adding a little finely-chopped parsley. Lay the lamb shanks on the bed of vegetables and sprinkle with a little more parsley for colour. Serve with the lamb "gravy" in a sauce boat.

■ In my steamed chocolate pudding recipe of January 11 the method should have read: "Cream the butter in a warmed mixing bowl. Add the sugar and beat again until fluffy and light. Grate the chocolate and beat it in. Add the cocoa mixture etc..."

Philippa Davenport

*Morocco combines startling physical beauty with cultured sangfroid. It is ideal for the trekker, the loafer and the honeymooner. Trekker **Michael J. Woods** sweated in the High Atlas. Loafer **Michael Thompson-Noel** travelled elegantly and stayed in the best hotels. And honeymooner **Antonia Sharpe** booked herself into La Gazelle d'Or at Taroudannt, where things got off to a generally fine start*

Walking tall through Berber territory

A PETRIFIED white stream gushed forever silently from under the overhang, its course marked by pebbles, each one crystal-covered and gleaming, slightly spiky like coconut ice and coated with a delicate shell of salt from which it could be shaken free, writes Michael J. Woods.

As valuable as gold in times past, this saline river now lay forgotten and ignored in a narrow valley high in the Atlas mountains of Morocco. I found it quite by chance when I wandered away from our camp site and scrambled over scree while trying to follow the trails of nimble goats.

Once away from the tents, the sense of isolation was complete. Only the occasional bird call and the distant rush of water broke the silence. The air was so clean that I could easily detect the scent of lamb grilling on hot coals; it wafted to me on the breeze, and I hurried back for dinner.

The High Atlas is probably the closest area of real wilderness to Europe, less than four hours' flight from London's Heathrow and a dusty five-hour drive from Marrakesh, but the mountains are hardly untouched by man. They are inhabited by the Berbers – barbarians, so-called to distinguish them from Arabs, a good-looking people with dark, well-defined features who eke out a living against severe odds among the Atlas peaks.

Water here is both friend and foe. When the snow melts at the end of winter, it rushes down from the mountains tearing away and demolishing roads, paths and dams carefully built the previous year, so that the whole village has to set to and carry out repairs.

Dry stone walls jammed with logs support teetering cliff-side tracks while similar walls, their cracks jammed with leaves and moss, channel water from way upstream to ensure that the irrigation canals are at the right level when they reach the terraced fields. Above the water line the hillsides are arid; below, green and lush. Crops of barley and wheat wave in the breeze and tall old walnut trees spread shady branches in whose coolness we frequently took our long lunch stop.

The margins are grazed by cattle, mules and donkeys, tended in groups of two and three by women and children who control their charges with cries, sticks and the occasional well-aimed stone. Older lads take the sheep and goats at dawn to the mountainsides, only returning at dusk when it is almost too dark to see.

Around the villages, people are busy everywhere. Women and girls wash clothes in the streams, beating the material with sticks and hanging it over bushes to dry while men and mules till the soil with a primitive single-furrow plough whose only metal component is the shoe, polished to a fine shine by its passage through the earth.

'The food was always very fresh and beautifully cooked'

At first our trek took us through villages beside a vehicular track served by a daily lorry. Wells supplied their water, whereas higher up water was taken from the streams. The flat roofs of the mud houses were adorned with TV aerials, not fixed to the building in any way but simply jammed into a bucket of stones.

The houses themselves are built from cast mud which is tamped down with such vigour that it almost achieves the hardness of concrete. It certainly takes on the starkness of that material, and the insides of the rooms are rough, bare and rather forbidding as a result. Outside, though, the buildings match precisely the background colour of the soil of the neighbourhood and appear as one with the landscape.

In the sandstone valleys the houses were deep red in colour, whereas in the more fertile limestone valleys they took on a grey hue. Our shoes did much the same as we strode through dust, ground to talc by so many feet. Sherlock Holmes would have had a field day.

The road was busy that evening, as it had been market day on the far side of the mountain. First a police jeep came past, driven by a black leather-jacketed *flic*, followed at irregular intervals by groups of men on mules. Finally, just as darkness was falling, a brand new Landrover Discovery bumped past to remind us that, in spite of the strangeness of our surroundings, we had escaped from nothing.

Our daily routine varied little. We set off at about 8 am after tea or coffee in bed, hot washing water brought to our tents, and breakfast. We walked for about three hours to a shady spot and during that time the mules, carrying all the equipment and food, overtook us so that, when we turned up, cool drinks were waiting for us.

Lunch was served, often after we had swum in the river, and then we read and dozed until about 3 pm when we left for another couple of hours' walking. By the time we reached our evening camp-site the tents were already up, including a shower tent, and dinner was being prepared.

The food was always very fresh, beautifully cooked and served with great attention to cleanliness so that no-one suffered from an excited stomach during the trek.

At one site a small, serious girl of about six brought a dozen eggs to the cook. He took them from her and paid for them. Clutching the precious notes in her fist, the girl walked purposefully through the camp and back to her house. A couple of days later a well-grown lamb was obtained from a local shepherd, carried bleating from its mother, despatched and later served for dinner accompanied by surprisingly good Moroccan wine.

For me, the best days were away from the villages. In the wild hills the new spring flowers were superb. Sheets of purple orchids, white asphodel and yellow vetches graced damp meadows while the bare hillsides were cushioned by domes of yellow and blue "hedgehogs"; I presume they were a sort of gorse, although no-one seemed to know, but their spines were wicked.

We walked almost to 10,000 ft, but there were mules always on hand if the climbing became too much. Super fitness is certainly not necessary and I managed the whole trek with a cracked rib, damaged before I arrived.

Without exception, all the people we met were friendly but, tempting as it was, I found it hard to photograph them.

Instead, I felt in danger of appearing to take pictures of these people purely for their curiousity value. But then the Berbers must have thought us mad, for we possess wealth beyond their wildest dreams and yet choose to leave our luxurious homes to walk along their tracks and sleep in tents.

And we do it, apparently, for fun.

■ **Michael Woods went to Morocco with Abercrombie & Kent: Sloane Square House, Holbein Place, London SW1W 8NS. Tel: 071-730-9600. Treks in the High Atlas are tailored to suit individual needs and last for a minimum of four days.**

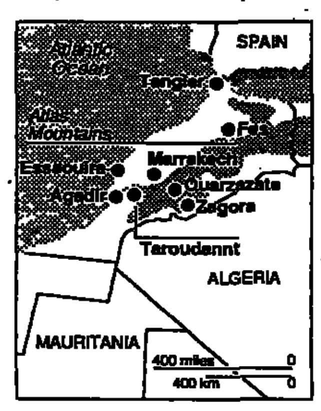
On the road to Fes

PERHAPS YOU are familiar with Morocco and its pleasures: its size and variety and intense physical beauty; its culture, which is deep, and its relaxed conviviality; its friendliness, food and the ease with which visitors can move around.

If not, writes Michael Thompson-Noel, you are as lucky as the man who has never read Raymond Chandler. A surprise awaits you: an exceedingly pleasant one.

My most eye-opening visit to Morocco happened some weeks ago in the company of a man who knows Morocco well and whose enthusiasm for it serves the country well. This was Chris Lawrence, managing director (and owner) of The Best of Morocco, the specialist UK holiday company. Lawrence has been visiting and running holidays to Morocco for 25 years, so there is not a lot he doesn't know.

From London we flew to Ouarzazate via Casablanca. The next morning we drove along the Valley of a Thousand Kasbahs to Erfoud via Tineghir and the Todra gorge. This is wonderful countryside, as is the area around Rissani, from where we ventured into the desert, to Merzouga, and rode camels across the dunes – touristy, but why not? Then we continued to Fes via the modern ski resort of Ifrane. And then, by air, to Marrakech.



In short, we covered a lot of ground, encountered excellent food and hotels, and enjoyed plenty of R&R in cities like Fes and Marrakech that everyone ought to visit at least once.

Morocco's hotels are one of its biggest pluses for travellers who like comfort. The ones we stayed in were: Karam Palace, Ouarzazate; Hotel Salam Erfoud; Palais Jamai, Fes, and Es Saadi Hotel, Marrakech. All were excellent. And we visited one exceptional restaurant: Yacout in Marrakech (advance booking essential), which is located in the back streets (you wouldn't find it on foot) and serves fine food in a dream-like setting. (Your hotel will book you in, and order a Merc to drop you at the door).

These hotels, and more, feature in The Best of Morocco's current brochure (to October 31) whose inclusive holidays range from weekend breaks to long stays. As well as Agadir, Fes, Tangier and Marrakech, the brochure includes Ouarzazate, Taroudant, Zagora and Essaouira.

There are seven-night Land Rover Saharan safaris with full board (four-star hotels) from £518; two, three or four-night weekends in most big cities (half-board in a five-star hotel) from £289; golf holidays (there are excellent courses in Marrakech, Agadir, Rabat and Mohammedia, with very low green fees and no waiting); skiing (lift-pass: £2.80 per day); horse or mule trekking (various one-week programmes from £699); fishing (there is outstanding fishing in the lakes of the Atlas mountains, 50 miles from Marrakech), and fly-drive (pick-up and drop-off at any Moroccan airport), from £243 for flights and car for a week.

Chris Lawrence also organises six different escorted tours with weekly departures: The Great South (two itineraries, one week from £473), Imperial Cities (two itineraries, one week from £463), Grand Tour of Morocco (two weeks from £683) and Medinas and Kasbahs (one week from £499).

The Best of Morocco is at Seend Park, Seend, Wiltshire SN12 6NZ. Tel: 0380-828533, fax: 0380-828630.

■ **Michael Thompson-Noel flew c/o Royal Air Maroc, which has six flights a week from London to Morocco and is at 205 Regent St, London W1.**

A perfect choice

THE SWARTHY waiter in a long white robe politely approached the plump English woman eying the lavish buffet, writes Antonia Sharpe. She dismissed his attempts to explain each dish with an almost regal wave. "Don't worry, I'll work my way down," she said, her plummy voice echoing across the pristine swimming pool.

"Obviously a practised hand," murmured my husband of less than seven days, without taking his eyes from his fourth book of our honeymoon. I stifled a laugh, not wanting to shatter the sunny peace for our fellow guests at La Gazelle d'Or.

Looking around, I saw that their noses were also buried in books. I sighed, and settled back into my sunbed. Yes, I had made the perfect choice for our honeymoon.

The five-hour journey had not been too bad, though the flight from London to Casablanca had been ruined by Royal Air Maroc's easy-going attitude towards smokers. But that was forgotten once we touched down in Agadir and were met by the hotel chauffeur who drove us the 60 km to Taroudannt with consummate despatch.

Our spirits rose further on our arrival at La Gazelle d'Or at midnight. We listened to the chorus of cicadas, looked at the stars in the inky sky, and breathed in the clear mountain air sweetened by the smell of oranges. We were shown to our bungalow, where the soft lighting set the peach-coloured walls aglow. There was a big fireplace in one corner, carpets on the stone floor and, beneath a large wall carving, a king-size bed.

To steal a line from Truman Capote, we soon got the feeling that nothing bad would happen to us at La Gazelle d'Or. After breakfast we often took a stroll through the hotel's gardens. There was a profusion of bougainvillaea, frangipani, orange and lemon trees, cotton trees, hibiscus and oleander bushes and waist-high geraniums. The sight of gleaming Arab horses grazing on the lawns, with the snow-capped Atlas mountains in the background, seemed unreal when the Sahara was only 200 km away.

We only ran into the other residents at mealtimes or at the swimming pool. Since the hotel has only 30 bungalows, it seemed as if we had the place to ourselves. During our stay most of the residents were English, though there were a few continentals. We thought that one French lady was mad because she kept talking to her Louis Vuitton handbag, but we later realised that she carried her tiny terrier around in it.

We usually took a light lunch at the swimming pool, and spent the afternoon sunbathing. A five-course dinner, brought by a platoon of waiters under the command of a Peter Sellers lookalike, was served in the hotel's dining room.

The menu was predominantly Franco-Moroccan. We particularly liked the *briouattes*, deep-fried pastry stuffed with veal and vegetables, though the *tajines*, or stews, might have become monotonous had we stayed longer than a week.

We only ventured from the hotel once, when we visited the *médina* in Taroudannt to buy a Berber carpet. So the nearest we got to a camel was the earthenware figurine laden with salt and pepper on the dining room tables. However, the hotel does organise excursions on request.

■ **Hotel La Gazelle d'Or, Taroudannt, Morocco, tel: (8)-852048 and 852039; fax: (8)-852737. The hotel charges a daily rate of Dh2,300 (about £154) per couple for room and half-board, inclusive of local taxes. Transfers to and from the airport cost Dh500 (£34) per room each way.**

Apex economy return flights from London to Agadir via Casablanca with Royal Air Maroc start from £250. It is advisable to book your stay directly with the hotel because some travel agents in the UK who advertise holidays at the Gazelle d'Or appear to charge excessively.

TRAVEL

Skiing/Arnold Wilson

The gates are open wide

"WHY ARE you leaning so far forward ?" asks Pierre Raison, the new head of the official Les Arcs ski school. "It has taken man 5m years to learn to stand up. Why are you crouching like a monkey?"

Here we go again. Just as I thought I had got skiing down to a rough-hewn art, here was someone else trying to change my style. Will I ever get it right, or am I doomed to find that just as I have struggled to get used to one idea, someone has moved the slalom gates?

Les Arcs has a bewildering number of ski schools which seem to change names each year. Raison, a likeable eccentric and a stunningly good mono-skier, has just taken over the local ESF, the red-suited *Ecole de Ski Francais*. There are two or three others – more if you count the ubiquitous Club Med instructors who are technically ESF, too, but have their own uniforms.

Alternative ski schools have been springing up all over the French Alps to give ski fanatics a more exotic diet. But it is a bit confusing for would-be clients. Many of the schools have put themselves under the umbrella title of Ski Ecole International. These days even the word "skiing" is far too banal for the likes of Les Arcs. What we have now is la glisse, which encompasses all forms of sliding on snow, including a strong emphasis on mono-skiing, snow-boarding, ski extreme, powder and couloir skiing, even skiing with the aid of parachutes, up-ski and parapenting.

In Les Arcs, the International ski school (green uniforms) is called Arc Aventures, which also takes skiers on surf and mono courses. The ESF runs *ski découverte*, which organises Poudreuse Circus day trips in which you can join outings to the neighbouring resorts of La Plagne, Val d'Isere and even across the Italian border into La Thuile.

Then there is Virage, an *à la carte* ski school with just 10 instructors (blue uniforms), and Tip Top Ski for snowboarders, based at nearby Bourg St Maurice.

But I digress. Raison is still going on about my posture. "Hold your head up – look where you're going. *Enjoy* your skiing." Oh dear. I thought I was enjoying it. So did Conrad Brunner, my companion and a former ski instructor himself. He takes Raison's criticism on the chin and does not let on about his past. As for leaning forward, that is what instructors have been telling me to do for years.

But Les Arcs is like that – at the forefront of any new skiing idea. What is smart today is often *passée* tomorrow, although ski evolutif, the graduated short-ski teaching method pioneered here, is still taught. My first skiing article for the *FT*, 10 years ago, was about various concepts of "ski le new way," another Les Arcs innovation.

One, ski bird, called for plastic wings which halved your weight and enabled you to half-float and half-cruise down the mountain. Just as I got the hang of it, I recall, they dropped it from the adult itinerary and made it a children's feature.

Les Arcs – divided by altitude into three areas: 1,600, 1,800 and 2,000 metres – is swashbuckling but friendly, with excellent skiing for every type of skier both on and off-piste.

It is the archetypal first-generation, purpose-built, self-catering French resort. With more than 100 miles of skiing and some 75 lifts, the resort offers almost every possible skiing permutation.

For off-piste enthusiasts with a guide there are endless possibilities, including the famous run from the Aiguille rouge all the way down to Le Pre, near Villaroger. The Aiguille rouge which dominates Les Arcs provides much of the more testing off-piste. The Couloir Arandelieres is a particular favourite but involves a vertiginous climb along a narrow ridge with disturbing drops on both sides. Once into the couloir, however, you can breathe a sigh of relief and enjoy a steep but wide gully which should present few problems to seasoned deep-snow skiers.

The North Face of the Aiguille rouge is a sublime powder run in good conditions but – as so often happens when you are seeking out the best off-piste – getting there is more unsettling than the descent itself.

To reach the glorious powderfields of the Aiguille rouge you must first negotiate an extremely steep top section which tends to be rocky even in good conditions, because the slope is too sheer for the snow to stick in any great depth. About halfway down the face, however, the gradient eases and you can let yourself go in what you hope will be perfect powder. The Aiguille rouge is also the setting for one of the more spectacular Olympic events, the kilometre lancée, in which participants clad in skin-tight suits and Darth Vader visors reach speeds of around 185 mph on huge skis.

Recreational skiers can try a shortened version. Even they can reach speeds in excess of 60 mph. Once you have committed yourself, there is no turning back – nor any means of braking.

At least during the Flying K you can safely ignore Pierre Raison's entreaty to stand up and enjoy your skiing. If you do not crouch during the Flying K you are liable to be jettisoned in the maelstrom of your own slipstream.

■ Arnold Wilson was a guest of Touralp , 197B Brompton Road, London SW3 1LA. Tel: 071-589-1918.

$400 per day

THE LAST time I exited St Lucia, writes Michael Thompson-Noel, the Travel editor of *The Guardian* was in the process of missing his London connection. The airline was concerned, and asked if my colleague would fly into a rage if he was declared a no-show.

"Chuck his bag off," I said. "That man is an adventurer, a highly experienced traveller. Nothing would please him more than to be delayed 24 hours in as fine a spot as St Lucia." And so, of course, it proved.

St Lucia figures highly on experienced travellers' scorecards. It is part of the Windward islands, just south of Martinique. It is sleepy, friendly, and outstandingly beautiful.

But not so sleepy that Big Money hasn't noticed it. In June, the $40m Jalousie Plantation, backed by Middle Eastern funds, is due to open, managed by the Miami-based Premier Resorts and Hotels, which runs other fine hotels in the US, Caribbean and Europe.

Premier says that the June opening will mark a rare event: the debut of an entirely new hotel beside one of the Caribbean's acknowledged beauty spots. Jalousie Plantation is framed between the Petit Piton and Gros Piton mountains which are St Lucia's symbol.

Jalousie has its own secluded beach and 109 guest cottages, including 12 suites. Standard features include verandahs with private plunge pools, custom-size beds, air-conditioning, cable TV, etcetera. There are various restaurants, plus the usual attributes of a modern luxury island resort: golf, tennis, watersports, aerobic classes, hydrotherapy, saunas.

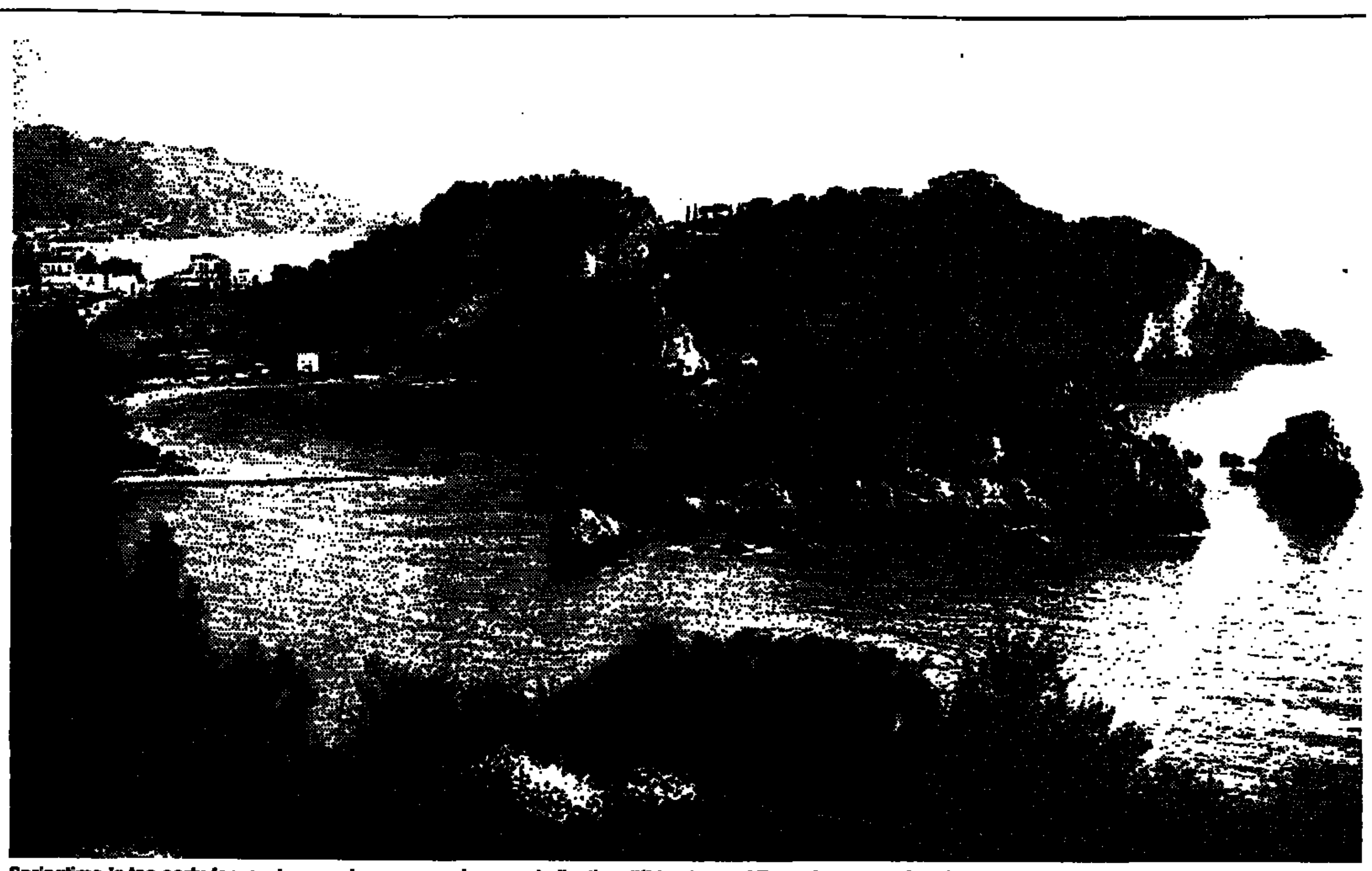
And Jalousie is all-inclusive. Charges until December 18 1992 range from $400 (£220.90) to $500 per couple per day, though two couples sharing a two-bedroom deluxe cottage would get away with $960 per day.

The single rate is $300 per day. There are various child deals available. Cheap it is not, but the rates include everything except air-flights: accommodation, all food and drink, sports, spar programme, transfers, taxes and service charge.

Jalousie must be hoping to match the standards found at Four Seasons' luxury resort on Nevis, opened last year.

There are direct flights between London and St Lucia. Various UK tour operators list Jalousie, including Caribbean Connection, Elite Vacations, Harlequin Holidays and Happiness Islands.

■ For direct information contact Premier World Marketing at 2600 S-W Third Avenue, Third Floor, Miami, Florida 33129, tel: (305)-856-7083, fax: (305)-858-4677. Reservations: (800)-877-3643 or (305)-856-5405.



Springtime is too early for most sunseekers so popular resorts like the cliff-top town of Taormina are at their best

Sicily's spring eruption

Beauty on the surface disguises underworld violence, says ***Christian Tyler***

VULCANO is extinct. Yet puffs of smoke still drift about its summit like the last wisps from a dying bonfire. The smell of sulphur wafts across the water long before the ferry from Milazzo can tie up at the island jetty.

Porto Levante, at Vulcano's base, in the Aeolian islands, off Sicily, is an ill-favoured place. Even as the season begins, its straggle of holiday villas, newly dilapidated, have a desperate, end-of-season look about them. Further on is the health spa, a chain of noisome sulphur pools filled with milky-white water. Beyond them again is the coal-black beach, decorated with squashed plastic bottles and other detritus.

But even in this dead place the Sicilian springtime has covered the ground, erupting in vivid rashes of red and yellow wildflowers. The whole of Sicily is carpeted with them: they spill on to motorways, spread across rubbish dumps, crawl up ruins and sprinkle the valleys of the island's interior like a *pointilliste* painting. A botanist could have a field day. For the non-botanical it is still a revelation.

From the edge of Porto Levante a path winds up the side of the old volcano through yellow broom and pale blue thistles. About two-thirds of the way up the vegetation gives out. The path traverses dangerous screes of strange-coloured rock, the twisted remains of the last eruption. As it nears the bare summit it passes a row of smoking vents, their lips smeared greenish-yellow with sulphur; you can lean down and inhale the acrid breath of the dragon. To gaze into the mouth of Hades itself, you must climb on up to the rim of the crater.

Sicily's volcanoes, living and dead, are the most extreme features of a harsh landscape. They are also an irresistible metaphor for the underground violence for which the island is notorious.

The *mafiosi* no longer operate as village Robin Hoods, filling the vacuum left by absentee, foreign landlords. Driven underground by Mussolini and re-emerging to ingratiate themselves with the allied army at the end of the Second World War, they have grown up into real city hoods, engaged in local politics, property speculation and building contracts as well as the heroin trade. Most have reportedly left Palermo for a more lucrative life in the eastern cities of Catania and Gela.

Ask a restaurateur in a small town whether the Mafia are active there and he will agree vigorously: but by "mafia" he means political patronage and municipal corruption generally, a way of life that is endemic not just to Sicily but to Italy as a whole. So, stumbling one day into a plenary meeting of the Sicilian Rotary Club – squat, black-suited men dwarfed by their leggy, mink-coated wives – it was hard not to see a re-enactment of a scene from *Godfather II*.

For much of its complicated history the island was culturally divided: Carthaginian and Arab in the west, Greek and Byzantine in the east. The tourist can slice Sicily in other ways, too.

The coast with its rampant development, ancient monuments, beaches and bars is one kind of holiday. Those who like to feel they have missed nothing can even take a week-long guided tour round the perimeter. (According to one grey-faced customer descending from a coach, it is no picnic).

The interior is quite another experience. Its scenery is magnificent rather than beautiful. Although the land is still cultivated, post-war migration to the towns has left it denuded of people. You can see it the easy way, sailing along the empty Catania-Palermo motorway. More interesting is to branch off at Enna, the first of a chain of spectacular hill-towns that stand like sentries around the base of Mount Etna.

The road south from Enna leads to Piazza Armerina, site of a large Roman villa with well-preserved mosaic floors, and eventually to Agrigento, where the Greek temples stand on their ridge below the city. (They can be seen best in the evening).

In the wild country to the north lie the hill towns of Leonforte, Nicosia, Troina and Randazzo. Some were Norman garrisons, and a medieval atmosphere still clings to them. Here the foreigner can still feel that uncomfortable shiver between the shoulder-blades as he crosses the *piazza* eyed by hostile stares. Urban Sicilians, with their yuppie phones and fat EC grants, disown the antique life of the hills. Out here, they claim, the shepherds still carry guns and regularly murder one another.

Sicily's spring is not all sunshine.

When the clouds roll down from Etna's snowcapped summit, the world goes black. On Etna's northern side, where the best grapes are said to grow, the road cuts through rivers of lava, grey-black boulders left frozen on the hillside like herds of slaughtered elephants. The streets and houses of Linguaglossa (some of them left abandoned after the last eruption) are coated in greasy black and the air smells as thickly of burning coal as any mining town.

Because springtime is too early for most sunseekers, popular resorts like the cliff-top town of Taormina are at their best. Last year was exceptionally quiet. The manager of the San Domenico Palace, a hotel of old-fashioned splendour and luxury built out of a Dominican monastery, blamed the unseasonal weather. A waiter had another explanation: the Americans had been frightened off by the Gulf war, he said, and the rich Italians had spent all their savings in the supermarkets stocking up in the event of a Libyan counter-attack.

Apart from the chattering gangs of local teenagers, the night-cries of car burglar alarms and the buzz of Sicilian Vespas, the town was only just beginning to wake. Few restaurants were open and the river of humanity that floods the Corso Umberto in high season was still a trickle.

The dining room of the San Domenico was empty on most nights but for the occasional honeymooners or middle-aged couples from Japan, Germany or Britain. The 80-year-old hotel pianist, a marathon walker and winemaker, played to an empty saloon. The sea was just audible, hundreds of feet below. From the hotel's superb terraced garden, Etna was occasionally visible above the clouds, smoking incessantly: alive, beautiful and dangerous.

■ Christian Tyler flew from Gatwick to Catania and was a guest at the San Domenico Palace, Taormina, c/o Citalia, Marco Polo House, 3-5 Lansdowne Road, Croydon CR9 1LL. Tel: 081-680-5336. Flight and seven days half-board at San Domenico starts at £959 per person. Car hire through Europcar, Catania.

Rich mosaic of wartime memories

WRITERS ON WORLD WAR II: AN ANTHOLOGY
edited by Mordecai Richler
Chatto & Windus £18.99, 727 pages

THE ESSENTIAL experience of the first world war was epitomised in comparatively few books, by writers who were also soldiers – prose-books by Edmund Blunden, Robert Graves, Guy Chapman, Frederic Manning, David Jones, poetry by Wilfred Owen, Siegfried Sassoon, Isaac Rosenberg among others. A good anthology like (say) Ian Parsons' *Men Who March Away*, even though restricted to poetry, sums up what it felt like to have fought in that war.

With the second world war, the job of putting within the covers of a single book a selection that can stand for the war-experience as a whole seems like an impossible task. Yet this is what the Canadian novelist Mordecai Richler has just done and he has included writing relating to the period between 1939 to 1945 by poets, novelists and journalists from anywhere and everywhere. Some of the extracts were penned while the crucial events of the war were actually unfolding, like the American war correspondent William L. Shirer's account, from his *Berlin Diary*, of the impact in Germany of Hitler's invasion of Poland. Other pieces, like the poet George Macbeth's description of how as a small boy he woke up on the cellar floor with his hair full of grit after the family home had been destroyed in 1940 by blast from an air-raid, were set down as recently as 1989.

Richler's aim was to make a mosaic. It is in the event a wonderfully rich mosaic but one from which no single pattern or overall impression emerges. There is only the feeling throughout that war concentrates the mind wonderfully and causes people to write well, that war encourages heroism and brutality, self-sacrifice and sadism, in equal measure.

We begin on the first of September, 1939 with Auden sitting, "in one of the dives/ On Fifty-second Street/ Uncertain and afraid/ as the clever hopes expire/ Of a low dishonest decade." We conclude on the second of September 1945 with General MacArthur aboard the battleship Missouri flanked by Admirals Nimitz and Halsey, greeting Yoshijiro Umezu, chief of Japan's imperial general staff and his naval operations officer, as they climb aboard to sign the document of capitulation.

William Manchester, author of that extract, served with the US Marines during the war. Earlier in the book, in the 1942 section, he gives an equally vivid account of his training period at the "boot" (recruit) camp on Parris Island, South Carolina. The process of indoctrination – he confesses he loved it – included such joys as getting concussed on the forehead by a rifle-butt.

This eloquent piece is mirrored on the other side of the Atlantic in J. Maclaren-Ross's recollection of the Infantry Training Camp at Blandford, Essex. During his time there Private Ross J observed a demonstration of the strength of a tin-helmet. A recruit was instructed to strike the corporal with the butt of his rifle as hard as he could on the head. Unfortunately under the impact of the blow a loose screw inside the helmet caused the poor corporal to slump instantly to the ground, spurting blood, followed by the recruit fainting in horror.

The hazardous violence of training is as nothing beside the violence of the fighting and bombing and the cruelties of captivity and conquest with which the book is full – the fall of Singapore (J.G. Farrell); repercussions in Prague after Heydrich was assassinated (Joseph Skvorecky); Southern GIs from Kentucky taken prisoner in Manila (Studs Terkel); the Jewish Council rounding up boys to send to the labour camps after the annihilation of the Warsaw ghetto (Chaim Kaplan); aircrew in the New Hebrides making lethal sorties during the battle of Guadalcanal (James Michener) – and much, much more.

As one extract follows another the degree of suffering meted out by the war changes in ferocity in the most arbitrary fashion. On the one hand there are heart-rending holocaust memories by Elie Weisel and Primo Levi, on the other the mood of irritation reflected in diary extracts by Noel Coward ("Dined at Ivy. Conversation with Bobbie Helpmann about how difficult it is to keep the Ballet going with people being called up all the time.")

I was disappointed not to find some of my favourite descriptions of the war as it affected people in Britain. Plenty of Orwell and pieces from the obvious names, Pritchett, Connolly, Woolf, Bowen, Waugh, MacNeice and Dylan Thomas, but the fireman writers who described the blitz so well like Henry Green and William Sansom are notable for their absence. Lots from Richard Hillary, but nothing from Rattigan's *Flare Path*.

But Richler says he assembled three times as much material as he had room for. And even when so much was discarded what remains is a big book in every sense, global in scope, and illuminating people's ability to make a truthful record of their experience after they have been stretched to the limits of their endurance.

Anthony Curtis

Egypt in the raw

DOWN TO THE SEA
by Gamil Atia Ibrahim
Quartet Books £14.95, 220 pages

NEAR THE limestone Muqattam hills in the south east of Cairo lies the City of the Dead. This complex of mausolea, small houses and tombs now houses a million inhabitants. They first started coming to Cairo from the countryside in the 1960s lured by the hopes of work generated by Nasser's socialist policies. But they found no housing and turned this area into a city of the living which has been as good as legalised by the state.

These inhabitants – the "sea" – are the main players. Dr Sabir, one of the main characters, describes where they live: "The sea of Cairo. The sea of the cemetery. This is the real sea. Hell. The poor. The hungry. Thieves. Rich men. Traders. Prostitutes. Perverts. Drugs. A strange, mad world, full of good people."

They are the raw material of the Egyptian nation and strive through education and hard work to break free of this "sea" and cross to the better life they believe can be had on the west bank of the Nile. There is no one hero to this book but several, whose lives and aspirations move in circles which from time to time touch each other. This is described in the style of the realist school of the Egyptian novel, of which Neguib Mahfouz, the Nobel prize winner, was the pioneer. Ibrahim resembles Mahfouz in that his focus is on the struggles of the poorer classes, but his style is more abrupt and elliptical.

One central character is Sayyid, a son of the cemetery, who lies in a hospital, itself a metaphor for Egypt's decay, after losing a foot in a train accident. He has experienced most of the events of Egypt's modern history, from Nasser's revolution in 1952 to Sadat's visit to Jerusalem in 1977. He has time, sometimes in a half-drugged state, to review his life and disillusionment with politics. He flirts sensuously with Lawahiz, an upper class woman, a former love, and Zaynab, a laboratory technician. For Girgis the Copt, who looks after the hospital archives, her face becomes that of the Virgin Mary. The narratives are deliberately complex.

Some of the characters, such as Lawahiz, have never been down to the sea, but recognise that they should go there. Not all escape the sea. Shatara, a wily, illiterate odd-job man, inspired by hashish only manages to dream of making his fortune from selling the hospital's archives. Umm Ismail, a professional wailing woman, briefly glimpses another life through a bit part trilling at a TV wedding. Throughout their varied experiences, there run humour and scenes of sexuality which ring true but would be rejected by Moslem puritans.

Dr Sabir, from a cemetery family, is deliberately presented as a Nasser-like figure. He left the "sea" to become a doctor and make money , but he returned to set up a clinic for its inmates. Like Nasser, he dies in his fifties from overwork and his funeral is similar in the depth of his mourners' grief.

Ibrahim has contrived tales of frustration and of resources either untapped or exhausted. He has portrayed deftly the manners and customs of this special class of Egyptians and the translator, Frances Liardet, has succeeded in making it an English book without sacrificing its Arabness.

Anthony McDermott

The Jeremiahs of megapolitics

THE GREAT RECKONING
by James Dale Davidson and William Rees-Mogg
Sidgwick & Jackson £20, 531 pages

"If you enjoyed reading this book, you may enjoy reading Strategic Investment, the private financial advisory service edited by James Dale Davidson and Lord Rees-Mogg."

If? If you enjoy reading this book, you ought to see a psychiatrist. It is not a bad book, but it is hard to see how any sane or sensitive reader could *enjoy* it. After all, the authors claim a high rate of verification for their previous oracles, and here they forecast some perfectly appalling events, whose realisation would leave few of us unhurt.

The message is that our present decade is, and will be, dominated by a Depression. Not a Recession: a Depression. The Great Reckoning is with Debt, which is here monstered into a global Babylonian Captivity. But the book's compass collects enough social observations to deject even those readers with no great investments at stake. If the authors were a couple of marginal quack seers cashing in on some *fin de siècle* doom, those observations might be comfortably ignored: but when it is the former editor of *The Times* telling us that the media are worthless for understanding world events; when it is the current Chairman of the Broadcasting Standards Council pointing out that television distributes violence into society, then it is serious.

Generally, the message makes sense. Its principal thrust – that America's power is waning, and Japan's ascendant – was rehearsed by Oswald Spengler. (The main difference is that what used to be known as the "yellow peril" is now known as "Pacific hegemony".) We know that Islam has supplanted Marxism as the terror of the West. We can imagine that the lesson of the Gulf War, for the losing side, is to persevere with terrorism and aim to possess nuclear weapons. And most of us must be able to testify to an increased impingement of violence upon our lives. So there is nothing grossly new here: but give world analysis a new name ("megapolitics") and put it in the hands of two lively writers, and you have a powerful synthesis.

Apart from prudent hedging in the markets – the book closes with some terse financial advice – how are we supposed to respond?

British readers may take some consolation. The socio-political upholstery of the book is mostly American, and America is not an invariable prototype of Britain. Moreover, the logic of gloomy statistics is not always sound. The homicide figures for some parts of the US seem horrifyingly high: but when you consider that in some parts of the US buying a gun is as easy as buying a pound of butter (some shops sell both), you might argue that the homicide figures are surprisingly low.

Some of the evidence for American decline is very impressionistic (e.g. the anecdotal "fact" that Lord Rees-Mogg was kept waiting for his tea at the Waldorf Hotel in New York) and the referencing of American decline to the decline of the Roman Empire (also done recently by Alistair Cooke) fails to make a completely cogent metaphor. After all, as Gibbon himself saw, the "fall" of the Roman Empire is intricately tangled with the "rise" of Christianity. Without some positive force for change, it is hard to see how Attila the Creditor or Attila the Crack-Dealer can single-handedly ruin a country as resourceful as the US.

There is an enviable range in the authors' historical models, and the arrangement of arguments within a farrago of sub-headings works well. Academic jargon is liberally used, accompanied by steady sniping at academic targets, particularly modern historians. On one page there is a "glut" of historians; on another, historians have "emptied their classrooms" by abandoning "the old-fashioned notion that history has lessons". Lord Rees-Mogg's great-grandfather (1815-1908) is reckoned to have lived in stable times: we are told that "if anyone was entitled to believe in continuity, he was". Perhaps; but some of his contemporaries (e.g. Matthew Arnold) were deeply convinced of decline.

And there, I suppose, is a possible key to response. If history is a branch of rhetoric, calculating the future on the basis of historical patterns is an extension of that rhetoric. The rhetoric of pessimism is here displayed as well as I have ever seen it, complete with epigraph from Jeremiah: it would be a fine extended sermon if it did not so candidly eschew any kind of morality other than profit equals good and loss equals bad.

How seriously you take the predictions then depends on how far you share the authors' view of human nature. Their grim citations of ghetto rap "lyrics" combine with stock-broking bullishness ("The ultimate law is the law of the jungle") to test a philanthropic spirit. It is worth remembering that their previous book was entitled *Blood in the Streets*. A text peppered with oracular substantives ("Armageddon", "Time-Bomb", etc.) either demeans those terms, or else seeks to shock. It may be that, like the Fat Boy in Pickwick, Davidson and Rees-Mogg simply want to make our flesh creep. I, like others, would want to replace Jeremiah 8:20 ("The harvest is past, the summer is ended, and we are not saved") with Jeremiah 32:15 ("... Houses and fields and vineyards shall be possessed again in this land"). But pain and terror and cruelty have visited the 20th century too often for anyone to shrug their shoulders at a book like this.

Nigel Spivey

De Beauvoir: still a centre of industry

SIMONE DE BEAUVOIR: THE WOMAN AND HER WORK
by Margaret Crosland
Heinemann £20, 463 pages

IN THE last years of her life Simone de Beauvoir was the centre of an industry. Admirers flocked to her rue Schoelcher studio in Montparnasse to pay court, among them journalists and academics intent on writing about her thoughts, her life, or both. She had become, *qua* subject of study, highly marketable in publishing terms. Much of the interest was undoubtedly prompted by her relationship to Sartre. After his death she became keeper of the keys to his memory; no-one came to him but by her. But some of the interest was legitimately her own, partly because a later generation of feminists wished to appland her contribution to their cause, and partly because her literary merits were coming to be properly appreciated: for, by any standards, de Beauvoir has to count among the outstanding writers of 20th-century France.

Among the products of this industry are three large biographies. In addition to the third and latest by Margaret Crosland, under review here, are those by Claude Francis and Fernande Gontier, published in 1985, and Deirdre Bair published in 1991. No doubt Bair and Crosland are dismayed to find themselves flooding the market, a sentiment which will deepen when critical opinion comes to agree, as it will, that the earliest of the three biographies – the Francis and Gontier – is anyway best.

But controversy promises to come to the rescue; Sartre and de Beauvoir are news again both in France and among interested parties abroad, as a result of the publication last year of *Une si douce occupation* by the historian Gilbert Joseph. In it the couple's claim to active roles in the Resistance are devastatingly challenged. The Paris literary papers have divided over the issue, and few are content to dismiss the matter, as one new year reveller in a Boul' Mich' café did, with a Gallic shrug: "After the war everyone claimed to be in the Resistance; perhaps one should believe them and leave it at that." Controversy breeds interest, or revives it when it has flagged; either way, it sells books. On the back of Joseph's nerve-touching attack, the French translation of Bair's biography is selling briskly in Paris.

Any biographer of de Beauvoir has, in one way, an easy task because of the copiousness of the materials available, for one of the chief aims of de Beauvoir's intellectual efforts seems to have been the construction, with a eye to posterity, of a carefully managed self-portrait. All her work is autobiographical in the richest sense. Her five volumes of memoirs and several more of letters, her novels and most of her other non-fiction works, all in one way or another elaborate her preferred vision of her life. It is a commonplace that writers plunder themselves for materials, but de Beauvoir did much more: she indulged in self-justifying self-recreation, motivated by a powerful vanity. In the late 1970s de Beauvoir arranged to be the subject of a television documentary, saying that she wished to "present the truth" about herself. Francis and Gontier show how avidly de Beauvoir sought to massage that truth; to their credit they resist temptations to abet her.

Margaret Crosland is less critical, more often content to accept de Beauvoir's version. One example concerns de Beauvoir's Parisian childhood. The de Beauvoirs were impoverished bourgeois, obliged to make do in a small apartment above an unfashionable street. From a rear window could be seen a boulevard inhabited by rich people. In her autobiography de Beauvoir so paints matters that one would think her family lived there. Francis and Gontier expose the manoeuvre and its many implications for de Beauvoir's account of her early life. Crosland simply repeats de Beauvoir's words.

Nor does Crosland give the nasty side of Sartre and de Beauvoir its due emphasis. Their recently published wartime correspondence reveals devouring egos in which third parties were first swallowed up and then spat out in sexually exploitative tangles of Byzantine complexity.

But if Crosland is insufficiently challenging, her account has the virtue of this vice: with little distraction from analysis or criticism the reader is taken through a story which, however plainly told, cannot fail to fascinate, for it is woven into important aspects of literature and politics in the central decades of France's 20th-century history, above all with the often tumultuous post-war resettlement of French society.

People might wish to read about de Beauvoir's life for this reason, or because they are interested in the light it throws on Sartre. Or they might recognise that this vain, unlikeable, highly gifted woman could prove to be a more important literary figure, in the long view of history, than Sartre himself; and for that reason alone she merits our attention.

A.C. Grayling

Literary lollipops

NEW WRITING
edited by Malcolm Bradbury and Judy Cooke
Minerva, with the British Council £6.99, 389 pages

ONE OF Britain's most intangible yet important exports is itself – its cultural richness, its history, its language. No-one can accurately say how much British culture is worth in foreign earnings per annum; a precise financial figure would in any case be irrelevant to the fact that, once Britain has finally settled into its economic place as an ordinary European power, it may nevertheless still deserve recognition as a centre for artistic excellence.

If such recognition is forthcoming it will largely be thanks to the evangelising success of the British Council, the government-funded agency which seeks to foster better international understanding of British culture in all its manifestations. The publication of a new anthology of British writing by the Council is thus an occasion for celebration, even though the anthology itself is a peculiar bouillabaisse. Full of succulent spicy extracts, it is also unfortunately laced with some purple, pulpy, scarcely-digestible chunks.

The anthology is an entirely new venture for the Council. Previously its literature department was best known for a fine series of pamphlets – no longer published – under the generic title *Writers and Their Work*. "The 'writer and his work' idea is now rather discredited, and we are aware of an overseas demand for up-to-date, contemporary literature," explains Harriet Harvey Wood, head of literature at the Council's London headquarters.

The idea behind the new anthology is to "get overseas countries to understand the younger writers coming up, those who may one day become the new Iris Murdochs. It's organised on what I call Beecham lollipop principle; the conductor Thomas Beecham would introduce unfamiliar works in amongst the popular classics, or lollipops, and that's just what we are trying to do here, sprinkle some new writers in amongst the famous and familiar names."

The anthology is being sponsored by Whitbread and Booker, the two companies which also provide the biggest annual UK prizes for fiction, and Waterstone's, the bookstore chain. Without their support it would probably not have got off the ground. The Arts Council is providing funding which will go into next year's edition.

The only real comparison in the UK is the quarterly magazine *Granta*, though as Harriet Harvey Wood argues, *Granta* is more a forum for up-market journalism now than a purely literary magazine. As Malcolm Bradbury says in his editorial, the death of *Encounter* has left a gap in the market; *New Writing* hopes to go towards occupying it.

Bradbury, novelist and redoubtable supporter of many a British Council venture, and Judy Cooke, a former editor of the now defunct *Fiction* magazine, will also edit next year's edition before handing over the reins. The aim over the years is to build a changing perspective of developments in British literature.

The first volume of *New Writing* is heavily weighted towards fiction and critical essays. There is no drama, little poetry, and genres which have been undergoing a revival in the UK, such as crime fiction, are unrepresented.

One of the problems with the anthology is that it has two readerships. British readers may find the selection of material by such established writers as A.S.Byatt, Angela Carter, David Lodge, Doris Lessing and Martin Amis a little over-familiar. But such contributors provide a reassuring familiarity for overseas readers, who know what they are getting; solid reliable stuff it is too. The editors hope that the large sample of fresh writing from writers little-known in the UK will entice British readers without discouraging those from overseas.

Among the strongest contributions are those by David Lodge, who absorbingly updates his earlier influential essay on the novelist at the crossroads; a new writer, Geoff Dyer, forcefully reflects on Britain's class structure as it impinges on its literary prejudices; and A.S.Byatt contributes a wrily witty story. There is a handful of good poems, though the principle behind their selection is obscure.

But there are also some bad pieces, including a dreadful adolescent rant about the Gulf war from Lucy Ellman, a disappointingly portentous piece from last year's Booker prize winner, Ben Okri, a peculiarly limp short story from Doris Lessing, and an astonishingly predictable story about a piranha fish by a new novelist, Lesley Glaister.

Some pieces – such as Michael Ignatieff's essay on the intellectual being of post cold-War Europe – are likely to date very quickly. Moreover, budget constraints have made themselves felt in the book's design; why have the drawings of the Council's London base, Spring Gardens, all lumped together rather than more decoratively spread throughout? In the end, for a little more cash, foreign readers could have been so much more impressed both by the writing and the printing.

Gary Mead

Thrillers

Authenticity reveals the clue

A LONG COLD FALL
by Sam Reaves
Serpent's Tail £7.99

TWILIGHT AT MAC'S PLACE
by Ross Thomas
Scribner's £12.95, 304 pages

PASTIME
by Robert B Parker
Viking £14.99, 224 pages

THE SONG DOG
by James McClure
Faber & Faber £13.99, 281 pages

A FRIEND came to stay in Washington some years ago. He spent a week pounding the streets, checking the walking distance from the White House to the State Department, the menu at Jean-Pierre, the ratio of Ethiopian to Ghanaian taxi drivers. He was writing a thriller. It was not bad either, and not only because I could not detect a single mistake in his description and use of location.

Obviously lots of things go into making a good suspense novel and several of them need to come together for it to come off well. They include the ability to write dialogue, describe sex and violence, build characters and plot. But all this can be undermined if the feel for location, and the people who inhabit it, is wrong. Equally, location alone cannot compensate for deficiencies in the other vital ingredients.

These four books get it pretty much right. Three are set in the US, in Boston, Chicago and Washington, and the fourth in South Africa, black and white. Three are by old hands and one by a newcomer.

Sam Reaves, the ingénue of the quartet, can write. *A Long Cold Fall* has a great first sentence and does not subsequently let go. Cooper, the Vietnam veteran and Chicago taxi driver, does not really invite trouble, but in trying to find out who killed a woman he had once loved and who is trying to kill her teenage son – who turns out to be his own – he does not avoid it either. This book contains the most explicit and unpleasant violent scenes of the four, but they are handled with accuracy, dispatch and some style.

And Chicago comes out as a mean town. There are cops and waitresses with hearts of gold, naturally, but tough exteriors. There is a lot of low life and some on the high side and in high rises. It is not a book the city council would promote, though most of them would probably find it hard to put down.

Ross Thomas's *Twilight at Mac's Place* deals in ex-spies and is set where most of them hang out – in Washington. The milieu is softer but no less accurate. If Mac's Place itself, the restaurant bar run by two former CIA men, does not exist, there are a number like it where the trade is Scotch-and-conspiracy, past and present. The plot – the search for the memoirs of the late CIA agent Steadfast Haynes – is deftly handled and, if the denouement is guessable three quarters of the way through, readability does not flag.

Robert B Parker, who is fulsome in praise of the first two authors on their dust jackets, is now like an old shoe and Spenser, his Boston private eye, a familiar figure. Perhaps because he does not need to parade location any more, the city itself is never more than a backdrop.

In *Pastime* Parker handles his big set pieces as well as ever, be it the finale in the Public Gardens or the hunting of the wounded Spenser in the Massachusetts woods. But that is not really what makes Spenser books beguiling: it is because literate cynics make good heroes.

The Song Dog, by James McClure, returns his two well-established detectives, Tromp Kramer the white Afrikaner and Mickey Zondi the black, to the beginning of their collaboration, solving a nasty double murder in backwoods northern Zululand. Kramer investigates the white community and Zondi the black in ways that turn out to be complementary. From initial mistrust the relationship evolves, perhaps predictably but not sentimentally, into one of respect (though it is not hard to guess who, in the end, saves whose life).

Not having read the earlier books and not really knowing the respective cultures means I was taking a lot on trust, but there is a ring of authenticity to the locale and enough intrinsic interest in a complex plot to make it worthwhile checking out the predecessors. The very last page, however, has a chilling hint suggesting that the South African equivalent of the Reichenbach Falls is around the corner.

That is something that Robert Parker is obviously not yet contemplating for Spenser. Sam Reaves's Cooper could be a one-off creation, but Chicago as a location certainly is not. Mind you, it never was.

Jurek Martin

Madonna runs with the pack

WE'VE HAD Madonna the slut; can we now expect Madonna the Saint? The rock shocker has long been a serious collector of art – she employs a personal curator – but one of predictably garish taste. Typical of her acquisitions was a self portrait by the Mexican artist Frida Kahlo seen emerging from her mother's womb, which hangs alongside Picasso nudes and the camp beauties of the 1930s artist Tamara.

But at the recent New York auctions of Old Masters Madonna dramatically changed tack, paying $814,000 at Sotheby's for a panel ascribed to the Master of 1310 and depicting scenes from the life of a female saint, probably Margaret of Antioch. Perhaps Madonna identified with the tableau of the saint being consumed by serpents – obviously critics.

If Madonna is now buying Madonnas she is running with the pack. The New York Old

Antony Thorncroft discusses trends in the art market

Master auctions gave the strongest proof yet that buyers are returning to the art market. With US interest rates below 4 per cent there is little point in keeping your money in the bank. Why not pick up some envy by hanging a decorative 18th century French pastorale, or a Dutch still life, on your appartment wall. Estimates at the sales had been cunningly reduced to attract bids, and everyone seemed happy.

There is no desire to have another flutter in the speculative area of Impressionist and 20th century art – too many Japanese owned paintings are waiting to be absorbed before that market improves – but the prices of Old Masters have always been underpinned by museum and connoisseur buying, and although some dealers are forbidden by their banks to acquire fresh stock, private demand for the more picturesque paintings was most encouraging.

The December Old Master sales in London did not show the same depth of interest (the domestic demand for such works is pitiful) but the exceptional lots did well, notably a Venus and Adonis, now firmly attributed to the brush of Titian, which sold for £7.4m to a duo of dealers Hazlitt, Gooden and Fox, and Herman Sickman. If an export licence is forthcoming – and since the sum involved almost equals the total annual purchasing grants of all the national museums and galleries there is little point in delay – the Titian is destined for the Getty in Malibu, where it will eventually join the portrait of Pope Clement VII by Sebastiano del Piombo, currently on show at Agnew's in Bond Street while awaiting its export licence.

With Sotheby's and Christie's in London quieter than for decades, now is the time for the dealers to tempt buyers. Agnew's is currently offering the pick of its vaults, including works by Tintoretto, Fra Angelico, Turner, etc, in a show to celebrate its 175th anniversary (and it is already poised to sell four paintings) while across the road Leger will shortly celebrate its centenary with a good show of English landscapes.

★

There was a welcome outbreak of spots at the Royal Academy this week, each marking yet another print sold at the Original Print Fair, which ends tomorrow. The rash virtually covered the stand of the Californian dealer Ray Lewis. He had brought along a group of prints by Hokusai, the Japanese master.

It was a shrewd move. A few yards away the RA is holding a major Hokusai exhibition, which contains at least four of the prints on the Lewis stand. Rich enthusiasts could suddenly pop down and buy, for up to $75,000, what previously they could only admire. Such serendipity was pushed further. Flowers Graphics was selling prints by Michael Rothenstein a week before a display of his boxes opens at the RA and the New York dealer Hill-Stone was planning to offer for sale a print by Mantegna. The print is actually at the RA but as part of the great Mantegna exhibition: the National Gallery in Washington bought it from Hill-Stone last autumn and has loaned it to the show.

Print dealers have ridden the recession better than most. Expensive American contemporary prints by Johns, Hockney, Warhol, etc, and prints once bought by the Japanese – by Picasso, Chagall, etc, have been hammered, but Old Master print dealers have hardly noticed a downturn and connoisseur demand for good 19th and early 20th century prints has also held up well.

At the Fair you can still buy a Gillray lampoon of the Prince Regent for less than £300, (Andrew Edmunds sold 30 of them on the first day), or a Cotman landscape for the same sum. Or a Matisse for £14,000; an Augustus John self portrait for £10,000; a Victor Passmore for £500; a Piranesi view of Rome for £1,500; a Rembrandt for $48,000; and a Munch for $100,000. The most expensive item marks the moment when prints officially became art. It is the cover created by Toulouse-Lautrec for "L'estampe originale", the book of prints published in Paris in 1893. Across it T-L scrawled "passe". It costs $150,000.

Unlike most dealers traders in prints seem more interested in their stock than in money. Last week's specialist art fairs in London – of watercolours and contemporary art – hinted tentatively at a revival in the market. The Print Fair, with attendances up on 1991, is drawing attention to the fact.

★

Do you fancy Eros as a garden ornament? A copy, one of nine made in 1986 from Alfred Gilbert's original cast, is on offer at the Silver & Jewellery Fair which opens at the Park Lane Hotel next Friday. It is part of the loan exhibition on *The Triumph of Love 1530-1930* but its owners, the Fine Art Society, will sell it for around £190,000.

The FAS has already sold seven of its copies and is permitted to cast one more , the tenth. After that the original plaster is to be locked away for 25 years. Eros was made from aluminium, so original in the 1890s, so vulnerable now. Since the Piccadilly Circus Eros seems ill fated – it is currently boarded up again awaiting more repairs – it would be a smart idea to find it a safe retirement home in the V&A next year, when it reaches its centenary. Then an Eros fashioned from the uncast plaster, with appropriate metallic strengthening of the vulnerable legs, could bestride the Circus.

★

The Art Newspaper has absorbed the New York based *Journal of Art* , acquiring its 11,000 subscribers and its title. Thus ends four years of internecine strife. The two papers, both dedicated to news and well informed art world gossip, had begun within weeks of each other in late 1990. They were deadly rivals, started respectively by Umberto Allemandi and Barbara Rose who had been previously been publishing partners before a spectacular fall out. Given the recession, and the dearth of advertising, it was unlikely that both would survive. The *Journal of Art* ran up a loss of $2.5m and has waved the white flag.

★

Bloomsbury Book Auctions is bringing back to London sales devoted to Hebrew books and Judaica, a flourishing market until Sotheby's and Christie's switched their specialist auctions to Jerusalem and New York. Bloomsbury thinks its time to cultivate the market again.

At the same auction house on February 13 one of the largest art reference libraries for years is for sale. It was owned by the late Denys Sutton, the long time art critic of the *FT*. These are not just pretty books with lots of pictures. dealers can't operate without the catalogues raisonnés of leading artists, and rare editions can cost more than £10,000. On offer here are the standard works on Degas, Cézanne, Renoir and Pissarro, all priced at around £1,500 each.

St John the Baptist and St Dominic by Fra Angelico at Agnew's

A look at the Pop era

THE 1960s, it seems, are always with us, at once so ambiguous and so positive, so hopeful and so meretricious, so stylish and so vulgar. How we believed then, in that false dawn, when we would throw off the shackles of the stuffy, academic past, reform the art schools and so move forward into that brave new world.

Up to a point we did, forgetting that it was precisely that old formal academic grounding, with its emphasis on observation, understanding and technique, that allowed us the luxury of our precocious posturings. If last autumn's Pop Art Show at the Royal Academy taught us anything, it was that the British variety was so much the better made than the American, richer and more complex in its references and associations, for all the superficial gloss.

For *Ready Steady Go* at the Royal Festival Hall (until February 23, then on an extensive tour well into 1993), the South Bank Centre draws upon the Arts Council's own collection of work of the 1960s, bought at the time, cheap and cheerful. The title may naturally evoke the generality of Pop, but it does so with a gentle, perhaps unconscious irony. What it offers is another look at those supposed Pop artists in company with those of their contemporaries similarly engaged with the currency of American art, albeit the *nouvelle vague* of hard-edge and post-painterly abstraction.

There on the one hand are Blake, Hockney, Kiff, Hodgkin, Kitaj, Andrews, Jones and Caulfield, on the other Hoyland, Huxley, Ayres, Riley, Moon, Denny, Irwin and Sedgely; and somewhere in between come Tilson and Smith. What comes through is a sense of a well-mannered and thoughtful engagement, responsive to what was going on in the world but still its own creature, an authentic national school, distinct in its sensibility from any other, and certainly no worse. As such it was the staple of our official representation in major shows and festivals at home and abroad throughout the period.

But it was never the whole story, and the absence here of such artists as Auerbach, Freud and Kossoff, to say nothing of that far larger group of older figurative artists centred upon the Academy, the Royal College and the Slade – Weight, de Grey, Coker, Middleditch, Symons, George, Buhler, Greenham, Coldstream, Gowing and the rest – is conspicuous. Perhaps other shows are mooted to put the record straight, but serious questions remain about the nature of our public patronage, that at every period would seem to celebrate quite arbitrarily work of a certain kind above all others, a matter not of merit at all, though that may be high enough, but of pure luck.

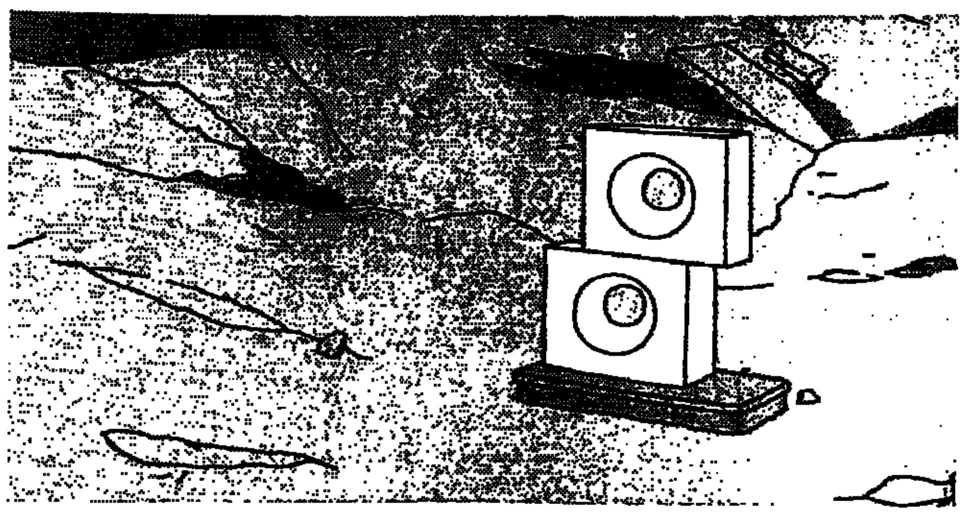
Figurative painters were by no means the only ones to suffer, then or later. A positive response to American abstract expressionism in the late 1950s was all very well, but the fashion soon changed. The awkward fact is that some of our very best painters suffered long neglect in consequence. The Pomeroy Purdy Gallery (at Jacob Street Film Studios, Mill Street SE1, until February 22) is showing the work of four of them, dating not from the 1960s but from the years either side of 1980.

Two are in *Ready Steady Go*, but then John Hoyland had yet to evolve from the colour-field towards actual expressionism, and Gillian Ayres was to be all but ignored for the next 15 years. Here her paintings are at their most mysterious and atmospheric, the surfaces dense and impacted, the colour rich and deep, the spaces unspecific. They are neither better nor worse than her more recent work, that is more open, graphic, more particular in its suggestion of landscape: only different, and very beautiful.

Basil Beattie, who has lately emerged as among our most authoritative painters, seemed then to be painting the paintings one might almost hope Hoyland would paint now, for being freer in the gesture, less dry and flat in the paint itself, and more open in imagery and surface. Here Hoyland's prints are so much the more confident, integrated and expansive in the handling.

And there is Brian Fielding, who died in 1987. He showed seldom, and so slipped through the net, but to his peers and students he was a constant standard and abiding influence and example. His paintings here are in the true character of his work, the sensibility at once oriental and occidental, the surfaces flat yet deep, the statement painterly yet calligraphic. He held such contradictions in perfect balance, with deceptive ease and true conviction.

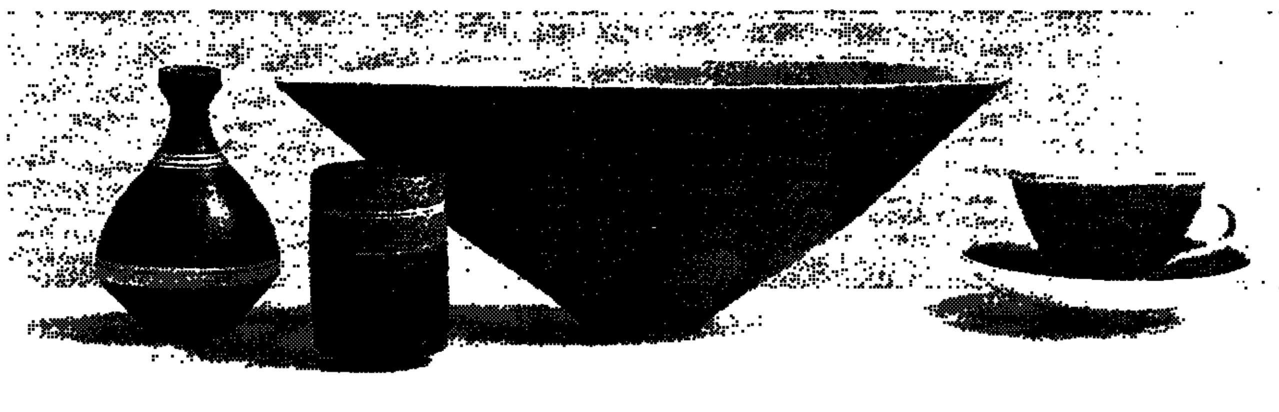
William Packer



'Sculpture in a Landscape', 1966, by Patrick Caulfield in the Royal Festival Hall exhibition

CORRECTION

Owing to a production error on yesterday's Arts Page, Patricia Morison's article on Mantegna was wrongly illustrated with the engraving of "Christ between SS.Andrew and Longinus" rather than the Munich drawing recently discovered by David Ekserdjian.



Some of Lucy Rie's 1950s porcelain using sgraffito crosshatching and lines through manganese glaze

Potter with a Modernist eye

Susan Moore admires the work of Lucy Rie at the Crafts Council

LUCIE RIE is Britain's greatest living potter, a Dame of the British Empire, and 90 in March. She has been making pots for 65 years. In 1938 she fled Vienna and settled in London, bringing with her the Modernist aesthetic of the avant-garde designers and craftsmen of the Wiener Werkstätte. It could not have been in greater contrast to the traditions informing the studio pottery movement burgeoning in Britain under the aegis of Bernard Leach.

Rie set up a studio in a London mews rather than at an idyllic rural retreat, even installing the state-of-the-art fittings designed for her Viennese apartment by the architect Ernest Plischke. While Leach and his school looked to the workaday fat-bellied jugs of the medieval English potters and to weighty Japanese stonewares, Rie produced vessels of a striking refinement and formal purity. Her thinly potted wares were more in keeping with the metropolitan dining room than the rustic kitchen table. Moreover, they belonged to the present.

The 180 or so pieces gathered together for the 90th birthday retrospective at the Crafts Council Gallery have an unexpectedly powerful presence. Together they reveal a rigorous intelligence at work. Rie's self-imposed parameters have allowed for perhaps a dozen simple bowl and vase forms, all made on the wheel. For six decades they have been honed and constantly adapted, and been the vehicle for exhaustive experimentation with a range of complex glazes. Decoration is almost confined to these rich glazes, which are applied with a broad brush to the unfired clay. Only rarely are there patterns to distract the eye from her sweeping clean-cut lines.

Rie is aesthetically as well as technically a classical potter, and her Modernist's eye took in the purest and most pared down ceramic traditions of past and present. We find echoes of prehistoric pots, early Islamic fritwares and Chinese porcelains, and of contemporary Scandinavian design and the sculptural forms of her friend and one-time assistant Hans Coper. The best of her work seems at once timeless and firmly rooted in its age.

This exhibition traces the evolution of forms, and of glazes. Its strength – and novelty – is the extent to which it concentrates on materials and techniques rather than on aesthetics alone, aspects crucial to the understanding of an artist as subtlely experimental as Lucie Rie. Curator Margot Coatts has engaged the services of ceramic technologist Nigel Woods, whose lucid catalogue essay benefits both layman and potter.

From the first, Rie was innovative, producing in Vienna unusual mottled glazes that prefigure later work. These were earthenwares with stoneware glazes; when she took up stoneware in 1948-49 she kept to her electric kiln and produced effects quite different from those achieved in the traditional flame-fired kilns. Rie obviously liked the minimalist simplicity of pots that were made in a single firing, and decorative effects that were integral to the process of manufacture. She began with dry glazing and sgraffito, moving on to mixing reactive colouring oxides into the clay, and tocombining different coloured clays. The results of these marblings are spectacular, where bold zebra stripes spiral up the long necks of tall vases.

Characteristically, decorative effects depend on taking away rather than on adding ornament. The elegant coffee-bean colour cups of the 1950s, for instance, are articulated by finely hatched lines scratched through the manganese glaze to the clay body. Textures also bring interest to a surface without recourse to additional colours. The glazes of unusually monumental and coarse stonewaresare bubbled and pitted like pebbles, or carved with deep furrows and burred as if knitted with Shetland wool.

Especially pleasing are the infinitely varied surfaces of white porcelains that are reminiscent of Chinese Liao wares. Combinations of glazes juxtapose whites that are opaque and matt, gleaming or slightly frosted. Surfaces may be smooth or crazed, left unglazed or decorated with raised dots. One tall bowl takes aboard three rings of inlaid mauve pigment.

The range of colours is surprisingly broad. Rie can introduce colour with great subtlety, whether in a single band in a single vessel or in, say, the ochres and olives used inside an elegant breakfast set of 1949-50. Boldness is rewarded too in glazes of brilliant uranium yellow or deep turquoise. Least successful, even deeply unpleasant, are the exploding "volcanic" surfaces of bubblegum pink and blue.

The show ends with a case of the utilitarian pottery buttons, buckles and hair pins, and a mirror frame, that Rie was obliged to produce in the years immediately following the war. It would have been fitting to have added the couture buttons Rie made for the Japanese fashion designer Issey Miyake in 1989.

Lucie Rie continues at the Crafts Council Gallery, 44a Pentonville Road, Islington, until April 5.

Site specific artists

When is an installation a work of art? Lynn MacRitchie finds out

PEOPLE HAVE trouble with unfamiliar art. Installations, for example: they have a *lot* of trouble with them. They have even more trouble when familiar words like "site" and "specific" are dragged in by way of explanation. Put these together, offer site specific installations – that is, work that might not be painting or sculpture (although it could be), made for a setting which does not even offer the comparative security of an art gallery – and you are asking for at best a "what does it all mean?" and at worst a "So what?" response.

In *Rose* at Rose Court, Southwark Bridge, until March 14 (Thursday to Saturday, 12.00-19.00), the Wise Taylor Partnership do all of this, in collaboration with CE Property Developments (an Ivy Holdings Company), the BRITEL Fund Trustees and an award from the government Business Sponsorship Incentive Scheme. So – what does it all mean?

It means that five young artists have the opportunity to work in the unlet spaces of the office development right across the road from the *FT* building. The catch is that they must in some way address the nature of the site in the work they make for it. The five were carefully selected, invited by curator Georgie Wise because of her feeling that these artists and this building could offer each other something.

Rose Court, however, is no romantic setting. A speculative development, like our own home across the road, it offers little that is distinguished or inspiring in its design or layout. Its present predicament, as unwanted or at least unlet office space, and its historic associations – built on the site of the Elizabethan Rose Theatre – are the themes that the works respond to.

For the audience, the catch is that, try as we might to cling to art for art's sake, the setting catches us out. Is the unfinished lift, with "Mirror Here" stencilled on its padded canvas walls, an art work? It could be. It is certainly a successful concept. Is the empty top floor, which offers a panorama of the city spread beneath our feet, an artwork? It is now part or one, "Evidence" by David Griffiths, which by day draws attention to sections of the view by sticking strips of rose tinted film on the windows. By night, special lighting installed by Griffiths links the interior space with the floodlit city outside. The viewer cannot escape what this building is, what its emptiness implies: the artworks, created with their setting as part of their conception, heighten our response to the whole.

The piece by American artist Robert Millar demonstrates this process very clearly. Working on the first floor, his chosen space lies directly above the Rose Theatre remains. Preparing the piece, in which he originally intended to use video, he listed all the questions his musings on the site had raised. Their urgency changed his approach to the work. Now, pushing open the door to his space, rows of questions confront us, painted straight on to the floor in a red and white pattern which corresponds to the plan of the ancient theatre beneath. "How can we use a site? Who should question? What is value? Who owns history?..." On and on they go, a field of conundrums.

"What Robert did was resurrect all the questions we had tried so hard to bury," was the candid response of the man from Ivy. Their interest in having artists work in their building is straightforward. Controversial art is a talking point, and could stimulate business. Letting the space is their objective, and if artworks lend tone and attract clients, then art works they are happy to have. Robert Millar hopes that future tenants might leave his work in place – under the carpet, of course.

That such challenging art can both survive and grow more meaningful over time is well demonstrated by the Bruce Nauman exhibition now in its last week at the ICA (until 2 February). This American artist, who has exhibited for nearly 30 years, addresses himself to the human condition using just about every technique both familiar and unfamiliar from drawing, painting, sculpture, film and video to installations and works involving his own body or using other performers.

Seeing such a wide range of his work confirms the view formed at large survey exhibitions such as *Metropolis* and the Whitney Biennale of last year, that this is an artist who takes on the big issues, who is neither afraid of his own humanity nor scornful of that of others. That his works may seem bleak does not mean that they are uncaring. Their rigorous construction forces us to contemplate both the grotesqueries of the flesh and the pitifulness of our attempts at communication, our efforts to make contact stumbling into violence and horror.

The video pieces are particularly affecting, exploring the nature of the body and its processes, and of language and communication. Early works concentrate on simple actions performed by the artist. Later tapes such as "Clown Torture" or "Violent Incident" show scenes endlessly repeated, the performers' words and gestures transformed into metaphors for futility and violence. Nauman's great strength is that, despite the clinical appearance of many of his pieces, be uses difficult media such as video and installation – as well as, and superbly, the traditional tools of drawing and printmaking – for a very simple purpose. He makes us look at and listen to ourselves, he makes us see that flesh is weak and that words can hurt.

Bruce Nauman is shown in conjunction with Damien Hirst, an obviously irresistible combination of the old master and the new boy. Hirst's installations are impressive, their components well chosen, their arrangements beautifully realised. I can see what I am supposed to be thinking about, such as in "Sometimes I avoid people" with its oxygen cylinders and glass cases or surgical paraphernalia or "The acquired inability to escape" which sets an office chair and work table empty but for cigarettes, lighter and filled ashtray in another huge glass and iron case. I can see it all right, but I cannot feel it. This is work as demonstration rather than enquiry, showing rather than exploring. Nothing is shared, and the pieces' perfection forbids further enquiry.

GARDENING

Plant of the week

(Cineraria hybrida)

These greenhouse plants are now known botanically as Senecio hybridus but seed catalogues still use the old name. They are all bushy perennials that are grown as biennials, the seed being sown between May and July without extra heat for flowering in winter and spring. There are several different types, varying in size of flower and in habit, but the large-flowered, compact varieties such as Spring Glory and Venus are the most popular. The large, single, daisy-type flowers come in a wide range of colours, often with a white zone around the central disc. Plants are nearly hardy and can be grown in an unheated frame or greenhouse during the summer. In autumn and winter, they should be kept in a greenhouse or sunny room at a minimum temperatures of 13°C (55°F) and be watered moderately directly to the soil, keeping the leaves dry..... *AH*

Royal Kew goes the American way

Guides will take individuals or parties around London's botanic gardens, says ***Arthur Hellyer***

IN AMERICA, it is customary for botanic gardens to have well-trained guides to conduct those visitors who want to make more than a superficial visit. In Britain, though, this is a rarity; and even so great an establishment as the Royal Botanic Gardens at Kew, in south-west London, has only one guide. It is no wonder that her engagement book is filled for many months ahead. But, thanks very largely to the enthusiasm of the director, Professor Ghillian Prance, this is about to change.

Last June, it was decided to appoint an expert in this kind of work, and Catherine Rosborough was selected. The idea was to train voluntary guides who, while being paid only travelling expenses, would get certain privileges at Kew. In return, they would give a fairly small amount of their time to taking individuals or small parties for tours lasting about an hour. The duration would either be left to the guide's discretion or be tailored to meet the special requirements of the visitors.

These voluntary guides do not need to have botanical expertise since no one can have intimate knowledge of more than a small fraction of the plants in a great garden such as this. What is required is a good general knowledge of gardening, an enthusiasm for Kew, an ability to communicate easily, and a pleasant personality.

When word got around that volunteers were needed, hundreds responded. Most were women, no doubt because more women than men are free to work part-time albeit for no financial reward. Eighty-five of the applicants were interviewed and 24 – 20 women and four men – were selected. After training, they will start their duties from March 19 and some applications for their services have been received already.

To publicise the scheme, mail-shots have been sent to all tour operators who take parties to Kew and also Womens's Institutes, horticultural societies and other organisations likely to be interested. An application form is available which gives full particulars and has space to detail any special interests of visitors.

March 19 was set as the start date because that is the day the fine new visitors' centre, near the Victoria Gate on Kew Road, is due to open. It will have a large shop and a great deal of information about the garden. The guides will be based there, although that does not mean that all their tours will start from there. They can be engaged to meet a person or a party at any point in the garden of special interest to them.

All this makes welcome news, and my own view is that it will not be long before another batch of guides is undergoing training.

■ **Information: Guided Tours Organiser VG, Education and Marketing Department, Royal Botanic Gardens, Kew, Surrey, TW9 3AB. Tel. 081-940-1171.**

Kew Gardens, where guides will be the rule rather than the exception

Swimming against the tide

***Robin Lane Fox** on a nursery that kept faith with private clients*

SINCE the 1970s, the British nursery trade has been acting out a horticultural version of Big Bang. Trading now takes place all round the calendar, thanks to the rise of the garden centre and the growing of plants in containers of black polythene. Dual capacity is all the rage. Big retailers have become bigger wholesalers with many fewer private clients.

In the old days, you might have bought roses from Mattocks, shrubs from Waterers, and sent away by post for rarities from Hilliers, Bressingham and Notcutts. Mattocks and Waterers have gone up the water spout; Hilliers, Bressingham and Notcutts have developed vast wholesale businesses for garden centres and institutions. All their retail lists now carry fewer varieties of the specialities which their fathers' generation used to sell. It would be a brave gardener who ordered a rare shrub by post for £20 or more. It might well arrive as a hopeful twig.

Shopping by post has given way to shopping by car. Garden centres have proved that urban punters will pay unimagined prices for plants which can be shovelled straight into their vehicle's boot. These changes make me fascinated by growers who dragged their feet at the time and decided to go against the tide. If I had been in business, I like to think that I would have done the same and decided that private clients would not disappear simply because the shopping trade had come up with centres in new locations.

As the bigger nurseries have become centres or wholesalers, smaller private nurseries have indeed multiplied, supplying unusual plants to those who do not want to pay £4 for an overgrown bush of lavender. Among older names, one or two have continued to prize their casual business by post and not impose a minimum charge. My sympathies lie with them.

In this class, I doubt if there is an older name than Scotts of Merriott, Somerset. Its roots go back into the 18th century, perhaps as far as the 1730s and certainly into the 1790s where a recent find of papers has shown that one Lord Digby was already buying plants at the Merriott nursery. The last John Scott left the business in the late-Victorian period, not without financial problems. The enterprise was bought by the Wallises in 1923; since then, it has passed through only two generations although there are prospects now of a third.

Scotts employs 50 people, one for each acre of intensely-cultivated ground. Some stock, but not much, is bought-in from Holland and suppliers lower down the chain. Most of it is then grown-on to standard at Merriott before being loosed on the public. This year, the nursery sees two new landmarks: Mark Wallis, who runs it, has reached the age of 65 and, for the first time in 60 years, it will be exhibiting at the Chelsea flower show. This venture has been encouraged by a third-generation Wallis to see if Scotts can add to its large stock of private clients.

Scotts always has had a strong brand loyalty, not least because its catalogues are illustrated so handsomely with line drawings and filled with worthwhile shrubs; I know nowhere else where you can still buy the charming rose Ashwednesday, which has ashen-grey flowers early in the season. Like the other big names, Scotts has a wholesale business, but it amounts to only 50 per cent of total sales around £1m. The rest largely involves orders by post, delivered by Scotts' vans across the south of England.

Most of the wholesale stock goes to garden centres although, this year, orders from them are being delayed until the last possible moment for fear of economic collapse. At Scotts, however, the retail trade has actually been stronger than before and Wallis foresees a serious rush for stock this March.

One of the nursery's famous strengths is its fruit list, still under the care of Wallis's 75-year-old brother. Its range of cider apples is unique; it is a haven for refugees from Golden Delicious, and serious planners of an orchard ought to consult the yearly list.

In 1877, the consultation would have been bewildering. Wallis showed me a bound copy of Scotts' list for 1877 which he had acquired via his wife's vicar. It contained more than 1,500 varieties of apple, 1,500 pears and 200 varieties of soft fruit. The descriptions were rather stylish. "Mulberry: ever-bearing, but how truly, it would be difficult to say: only none of the sorts on this side of the water is endowed with the faculty."

Border plants are Wallis's first love, though. As a grower, not a gardener, he claims to like them all in different ways. He did agree that Scotts has some unique lupins, propagated continuously from the original Russell hybrids. Anemones, he also thought, were particularly appealing (it must have been telepathy because I was thinking the same). No, he did not think that any one white was exceptional, but he had been impressed by the deep-red Hadspen Abundance on a recent visit to Devon. He denied that plants grown in Somerset were less likely to survive northern weather than plants grown in Yorkshire.

The biggest problem, he thought, was incorrect naming of stock in the trade. When last he sat on a panel, he found that only three out of 18 plants of something as common as double-flowered Philadelphus Virginal were being labelled correctly. As for rosemary, Miss Jessup's upright form was a constant problem. Did I realise that the leaves on the true variety lay close to the main stem, whereas many nurserymen sold upright officinalis instead?

Although Wallis is 65 this year, he has no intention of taking his knowledge into retirement. I thought that he had referred rather wistfully to a lost opportunity when Waterers collapsed: early in the 1970s, he could have bought the entire place for about £600,000 and would be a multi-millionaire nowadays, not least because of the property. Would it all be so different, then, if he had pulled off this deal?

Not really, he reflected. People who were used to a 12-hour day did not bother with interest. He would continue growing plants because he enjoyed it, although he might be rid of the paperwork if he had a million in the bank. He did not think that he wanted to take up golf. I believed him; but, as one of Scotts' long-standing private clients, I suppose it was what I wanted to hear.

■ *Catalogues are available from Scotts, Merriott, Crewkern, Somerset, for £1.50 each.*

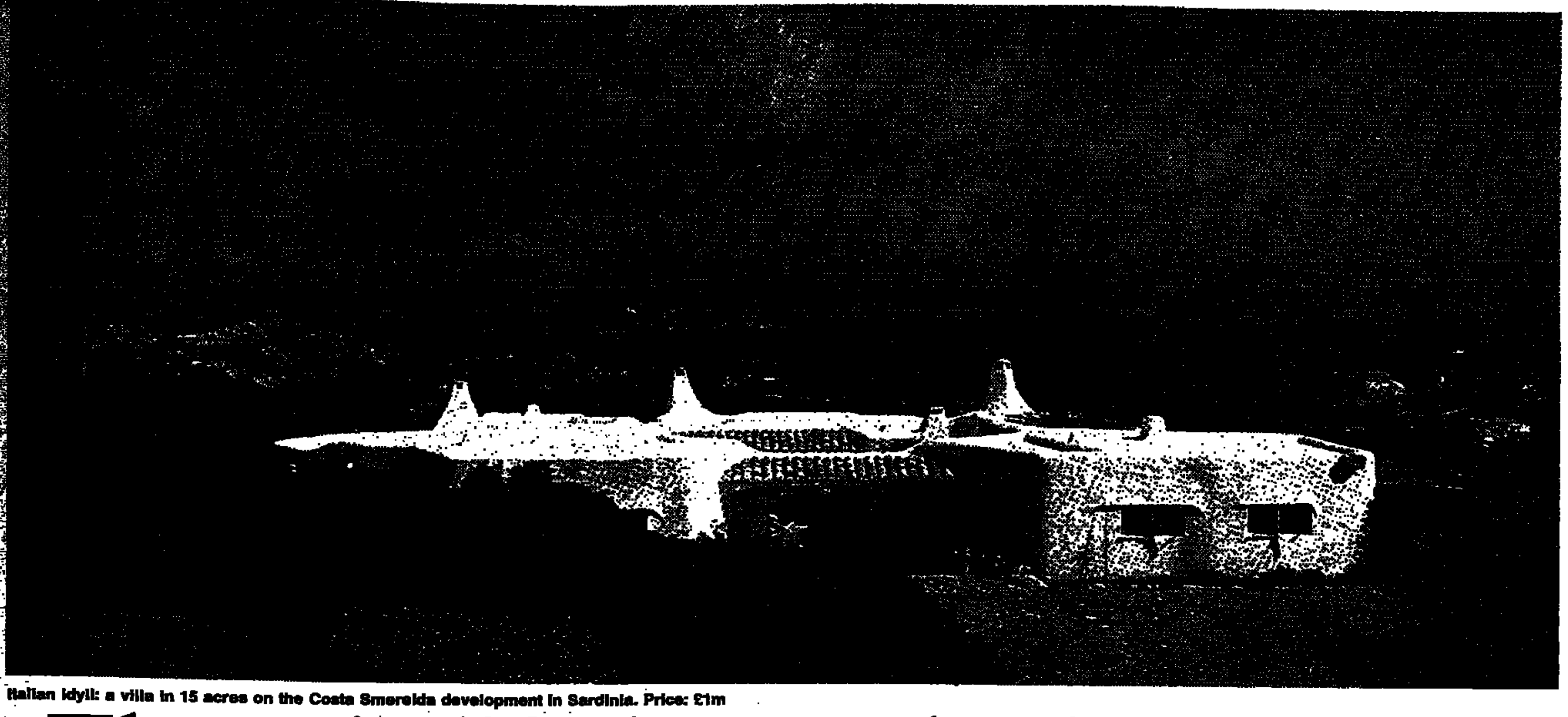
COUNTRY PROPERTY

COUNTRY RENTALS

AUCTIONS

ANNOUNCEMENTS

PROPERTY/PRESS REVIEW



Italian idyll: a villa in 15 acres on the Costa Smeralda development in Sardinia. Price: £1m

There is life beyond Chiantishire

Audrey Powell looks at the current state of the Italian housing market

YOU CAN buy a house in Italy for £7,000 although, admittedly, it needs a little patching-up – like needing a roof. Or you can find splendid villas costing millions of pounds, with a wide choice in between. Yet Italy's housing market does not receive much publicity in the UK, where agents handling it have become even fewer in the past couple of years.

It tends to have spells in the spotlight; as when the Aga Khan's involvement in the Costa Smeralda development brought gossip-column names thronging to Sardinia. More recently, the focus has been on Tuscany and the British couples busy restoring old farmhouses in "Chiantishire" (although, with rising prices, that interest has waned.

Perhaps, though, it now is time for a ramble around today's Italian offerings.

Going up the scale from those roofless "opportunities" (try Brian A. French, tel: 0423-865 892, if you must have one) there is much else for restoration, although it is not necessarily cheap – you are told to accept that the Italian market is still buoyant, even if people are a little ambitious in their asking prices.

For instance, there is a Tuscany property – without electricity and to which "water is at present brought by tanker" – for £147,000. True, this is a farmhouse with three barns and 80 acres.

Another property ("not quite falling to bits but needs work done on it soon") is £163,000. There is no piped water or electricity but again, to be fair, it has 15 acres and is 50 minutes from Florence.

Possible buyers who fight shy of anything "campable once a bathroom is installed," or "with convertible pigsty at rear," might find more appealing a refurbished country house in the Chianti region, boasting vineyards and olives, swimming pool and guest cottage. With drawing room, dining room, library and two en-suite bedrooms, the asking price is £565,000.

For the professional developer, perhaps, is a site below the walls of the Etruscan city of Volterra, south-west of Florence. It is an hour from the sea and Pisa airport. There is permission for a 40-bedroom hotel, restaurant, swimming pool, tennis courts and eight self-contained apartments. Offers: about £434,000.

The same professional (but surely no one else) might be interested in a 70-room former convent in four acres near Siena. The rooms are being renovated to create 14 apartments and more than £1m is sought for the reconstructed shell.

A hillside hamlet of farm buildings with 180 acres, in the Chianti region, has permission to become a holiday development with swimming pool. Work has started on 13 apartments. This property is registered as a company and, if bought as such, a loan of £500,000 is available at 1 per cent. A neighbouring farm pays £8,000 a year for the produce of a vineyard which is part of the land. Price: £1,195,000.

On a private estate in the same area, 18 detached houses are being restored. Each will have its own pool and prices range from £304,000 to £434,000. It is intended to organise the group as a condominium, with an annual charge to cover maintenance and security. These properties and projects are available through Babet (tel: 0460-762-123).

If all else fails, the agency can offer a quaint, end-of-row cottage which needs work, 20 minutes from the sea in north Tuscany. Stone-built, with outside steps and wrought ironwork leading to the upper floor, it has a terrace and cellar. Price: about £11,000.

So, what of Sardinia's Costa Smeralda estate today?

Re-sales come up from time to time. Peter Fea, of Costa Smeralda Holidays in London, says the average price of villas there 15 years ago was £80,000. Now, it is £400,000 upwards.

Ten came on the market last year and he knows of two that are available now. One comes with about 100 yards of coastline (these days, you cannot build within about 200 yards of the sea). It has a living room on several levels with terraces, dining area, five en-suite bedrooms, an office with fax and telex, courtyard with patio and fountain, and guest cottage. There is also a swimming pool in the grounds and steps down to a natural harbour. Price: £2.5m.

The other villa has a British owner – Tim Rootes, bloodstock breeder cousin of the late (second) Lord Rootes. He had the property built in the hills back from the coastline but looking towards Corsica.

There is a drawing room and terrace, dining area and an outside summer dining area. Two of the three bedrooms have en-suite bathrooms. There are guest and staff cottages and a swimming pool in the 15-acre grounds, while a berth and garage at the marina go with the property. Price: around £1m.

Details of these villas from Costa Smeralda Holidays (tel: 071-493 8303).

■ The Woolwich building society, as Woolwich Spa, has an office in Milan and lends through 500 branches of 15 banks, aiming at Italian first-time buyers. In a recent survey, it noted that Italy was the most expensive of the EC countries in which to rent or buy property.

A Confederation of British Industry report last year put the average rent of an unfurnished three-bedroom flat with central heating, in a good area of Italy, at £1,500 to £1,800 a month. The average purchase price of a detached house with three/four bedrooms and modern conveniences, in a similar area, was £600,000.

Press Review / James Morgan

All roses in Garden City

THERE IS an old Hungarian joke: "This will be an average year. Worse than 1991 but better than 1993." Sitting in the wings of the Group of Seven finance ministers meeting at the Garden City Hotel, Garden City, Long Island, a week ago, I pondered that line as I heard the Seven reverse it. Everything was getting better. The French minister, Pierre Bérégevoy, said: "1992 will be better than 1991."

It all made *Le Monde* very cross. "A meeting for nothing?" it asked. "Will it prove to be totally useless?" The paper concluded by noting that the word "confidence" had been used five times in the communiqué but added: "In highlighting their differences, if not their divergence, the great money men contribute hardly anything to its rebirth."

The Germans took the meeting much more personally. They worry about their high interest rates, which have helped to plunge everybody into recession. *Handelsblatt* noted with relief: "Bonn's interest rate policy not in the dock." Which must have come as a surprise since the Germans had gone into the meeting prepared to square-up to all-comers over this issue.

The Bundesbank boss, Helmut Schlesinger, had us reeling at a press conference when he said that high German interest rates were good for everybody. He singled out the little European countries which had followed the German drive for dear money. It was interesting to discover that these countries agreed.

Börsen, of Copenhagen, wrote: "The pressure on Germany to cut interest rates runs like water off a duck's back. This must generate ambivalent feelings among Germany's neighbours, which include Denmark. On the one hand, the weak business climate in Europe screams out for lower interest rates. On the other, no-one wants to risk the newly-won monetary stability. We have to make the best of living with Germany in circumstances we cannot change."

The spectre of industrial unrest and exorbitant wage demands in Germany is not one that most of us can credit. But Bonn is so worried that it lectures the German working class regularly in a manner reminiscent of past British governments.

The Sunday edition of the tabloid *Bild-Zeitung* took up the challenge to the proletariat which constitutes the base of its huge circulation. "It is time to come to the defence of Germany's workers in the face of ill-targeted criticism . . . to blame high wages alone for the fact that Germany has lost its number one slot in the list of the world's business addresses is simply wrong. In Japan, wages are now almost as high as here. Why, then, have the Japanese overtaken us? Because they are quicker and more flexible and have the courage to take chances."

Where does that leave the rest of us?

■ ■ ■

Garden City was picked for unexpected reasons. The previous meeting in New York State had been at the luxurious Plaza Hotel, by Central Park. So Garden City, an anonymous but wealthy suburb, seemed a bit of a come-down. But it is a mere half an hour from Kennedy airport.

There are hotels nearer to Kennedy – airport hotels for example, but David Mulford, of the US Treasury, told me they had names like Howard Johnson or Holiday Inn; and as agreements at such meetings are known by the location (the Plaza and Louvre, for example), none was deemed suitable. Especially as Howard Johnson's is known as HoJo in the vernacular.So far the plan has not worked. None of the papers I have read has written about the Garden City Agreement. It might catch on but, if places now are chosen in order to give a pleasant veneer to the bodged deals at which the Group of Seven normally arrives at, why was Munich chosen for the summit in July?

■ *James Morgan is economics correspondent of the BBC World Service.*

ARTS

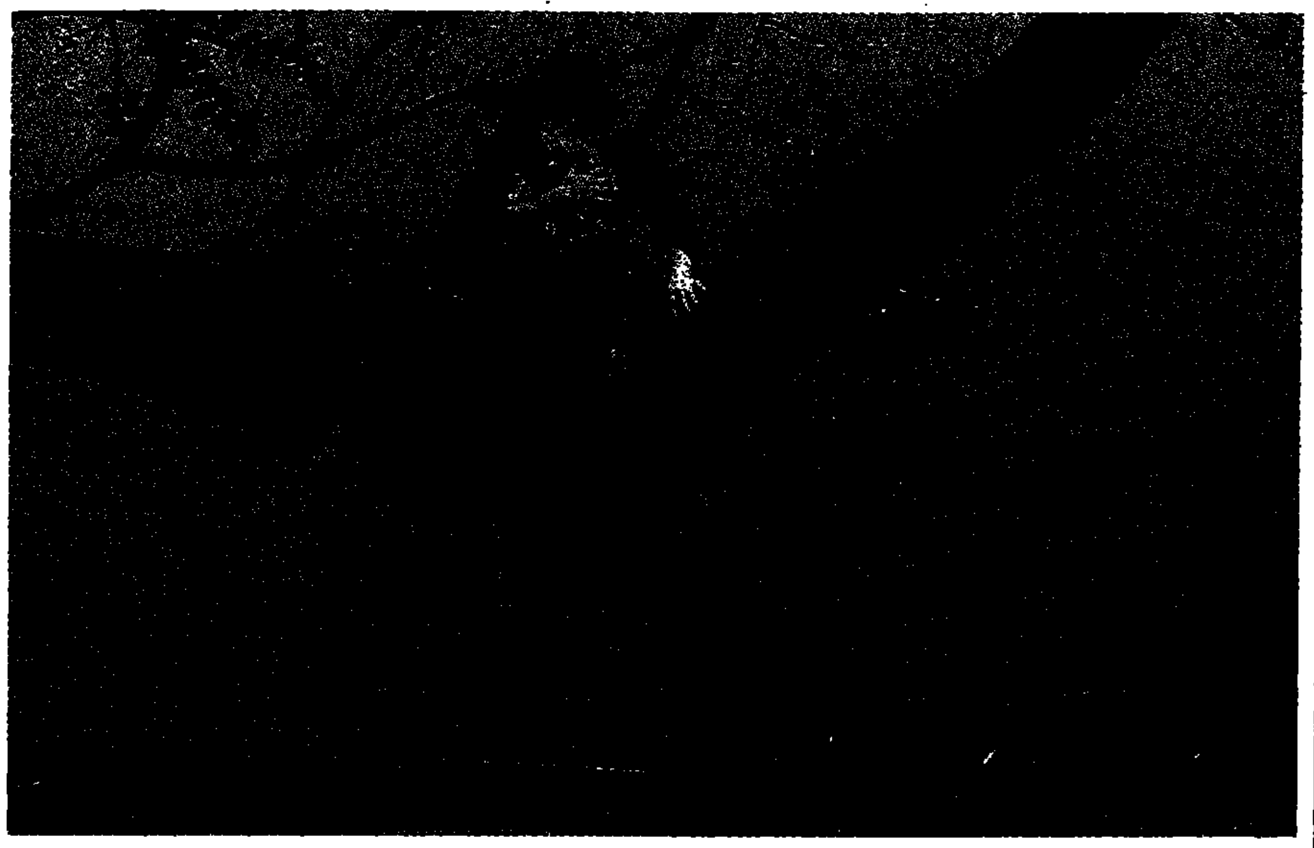
THE ENGLISH National Opera production of Humperdinck's *Königskinder* is a brave, powerful, imaginative, and rather worrying achievement. It approaches a late-Romantic operatic masterpiece long and unjustly neglected – for reasons which I attempted to outline in Thursday's newspaper – with the "interventionist" seriousness that has come to characterise this company's artistic policy.

It is visually bold, often brilliantly vivid in detail, and musically impressive: anyone who cares about inventive opera-theatre would be mad to miss it. But on Thursday it seemed less than the hoped-for vindicatory triumph: an investigation of the opera's prominent themes that in its later stages clutters the already complex story-line, concentrating hard on specifics at the expense of the all-important overall continuity.

The third act, one of the most piercingly beautiful and finely sustained elegies in all of Romantic opera, summarises the achievement. The emotional climax of the opera comes with the death in the winter snow of the young lovers, Goose Girl and King's Son, outsiders of "royal" lineage (in the spiritual as well as genealogical sense) who have been driven out by the local town populace.

Their long "Liebestod" duet, which refreshes the plangent influence of both *Tristan* and *Parsifal* with a limpid sweetness of vocal and instrumental sound all Humperdinck's own, is staged with sympathy and tenderness by David Pountney (who also provided the lively rhymed translation), conducted with steady mastery by Mark Elder, and sung and acted by Cathryn Pope and Joseph Evans (a handsome American heard earlier in the season as Rodolfo) with deeply affecting simplicity.

Earlier in the evening – during the forest-in-spring and town-in-summer acts of this extraordinary adult fairy tale – one has had cause to wonder whether either soprano or tenor voice is quite substantial enough – Humperdinck wrote the parts for the "youthful heroic" category, for singers of, say, Elsa and Lohengrin rather than Mélisande and Lensky.



Cathryn Pope as the Goose Girl in Humperkinck's neglected opera

A fierce, adult fairytale

Max Loppert on the Coliseum's new production of Königskinder

One has also longed for Mr Elder and the ENO orchestra to throw first-night caution, however understandable, to the winds and adopt a far headier approach to the dramatic unfolding of Humperdinck's musical structure.

But these are minor qualms, which will no doubt be confidently addressed later in the run. It is when the lame Fiddler (Alan Opie) returns with his attendant troupe of children – outsiders too, and in their own way no less maimed by local-community xenophobia – to provide the opera with its celebrated scene of mourning and farewell that the difficulties caused by Mr Pountney's production focus reach crunch-point.

The children are dressed as concentration-camp victims; instead of marching off in dignified procession as the libretto requires, carolling their refrains of "Royal martyrs!", they drop melodramatically dead one by one. A work whose tragic pessimism about human nature should be tempered in closing moments with a warming ray of hope for the future has its warmth brutally snuffed out – and this is in spite of Mr Opie's eloquently mellifluous singing of the opera's most wonderful music.

The full force of this fierce production stance builds up only gradually during the evening. Mr Pountney and his designer, Sue Blane, give us a first act of enchanting Disney-like wit, fantasy, and theatrical acumen. Sally Burgess's Witch, sung with the punch and clarity of her recent Fricka, is sultry, weirdly glamorous, a tour de force.

But then in Act 2 the doings down in the town of Hellabrun prompt a sustained send-up of Bavarian coarseness. I laughed a lot at the shorts-wearing, thigh-slapping, goose-stepping routines while starting to fret about their rib-nudging effects and, with them, the reduction of such important minor parts as Broom-maker and Woodcutter to cartoon dolts.

As always, there is a sharp point to Mr Pountney's purpose. The opera is, among many other things, an early 20th-century warning against specific German tendencies; we all know where those led (the opera's librettist, Elsa Bernstein-Porges, survived internment in Theresienstadt). It is also a profoundly compassionate fable about the interdependence of man and nature, society and the individual, parents and children. I'd rather have these themes too forcefully examined than not at all. In the end, though, Mr Pountney's way of doing so threatens to get in the way of fullest *Königskinder* appreciation.

Max Loppert

A Brechtian Macbeth

Malcolm Rutherford on the Schiller Theatre's visit

THE SCHILLER Theater's version of *Macbeth* opened to a packed house at the Mermaid on Thursday and departs after today – a lamentably short stay for such a pyrotechnic performance. If you can't get in this evening, try to catch up with it in Berlin or wherever, for *Die Tragödie des Macbeth*, as it is called in full, really ought to have been given a run of several weeks at the National or the Barbican.

Still, the Mermaid is not a bad place for it: a dilapidated, open stage that reminds one of the old Brecht shows in East Berlin. Forget about Schiller: this production has Brecht and the Berliner Ensemble written all over it. The director, Katharina Thalbach, grew up and trained under the Brecht influence. She moved to the Schiller Theater in West Berlin in 1976 to keep the flag flying, and how right she was. Perhaps only the West Germans have the resources to do Brecht in full style.

The Brechtian approach relies heavily on stunning stage effects. In *Macbeth*, we see this most sharply with the witches. They are not only tarts and punks – you would expect that from the German cabaret of the 1930s. They also suspend themselves acrobatically from a huge spider's web (made out of rope) strung on the roof. When they prepare themselves for the equivalent of the cauldron scene, all three of them simultaneously use a chamber pot and throw the contents against a wall which is already daubed with symbols of German anarchism and the graffito "Fair is Foul and Foul is Fair".

When the blood flows in this *Macbeth*, it does not look like tomato sauce, but more like a substance from one of the German chemical companies. Some of the actors seem to be dripping living blood and sweat throughout. When Macbeth is finally, viciously stabbed, the spurt of blood form his mouth brings a horrified gasp from the audience.

Yet the show is not all intense. Just before Macbeth is killed, his final battle with Macduff is played as a parody – two men shielding themselves with dustbin lids and whacking each other with sticks. Some of the interpretations have been seen in previous English productions. For example, when Duncan arrives to stay with Macbeths, he makes a direct pass at the lady and expects to have her: the diversion is that she has other things on her mind.

The banqueting scene, too, has elements that could come in an English performance.

Alastair Muir

Markus Vollenklee as Macbeth at the Mermaid

Lady Macbeth lays the huge white table cloth herself. When Macbeth is disturbed by the recurrent appearances of Banquo, he wraps himself up in it as if it were a sheet and lies down on the table with his wife. The brilliance of the scene is to have such a large table, but only dinner for four (five, including Banquo).

The Germans again have great fun with differences between England and Scotland. In Scotland, it appears, the men really don't wear pants under their kilts. In England, by contrast, the men are effeminate. They listen to madrigals, cleverly taken from other bits of Shakespeare, and drink tea.

One or two points are perverse and must be put down to the Brechtian, Marxist influence. Duncan is presented as an unattractive figure simply because he is a king, and Macbeth turns ridiculously obese and gross once he has assumed the crown. Not only does that destroy some of the Shakespearean drama; it means that this *Macbeth* is a play without feeling and the development of character. That's Brecht: all symbols and no individuals.

In the end, however, there's much more to this version than Brecht. There is a marvellous moment at the start when a movie-star looking Lady Macbeth calls out of a window for her husband. At first she says his name in a dominant way, then in a strain of despair as if she knows that she has lost him as a result of her own ambition. That is is the story of Lady Macbeth.

Some of the most dramatic verse (like "tomorrow and tomorrow and tomorrow") is faithfully kept and comes out beautifully in German. So does Macduff's reaction on hearing of the murder of his wife and children. What you get overall is a different mix from (say) an RSC production. There must be some way of having productions like this in London more often.

Radio

Barbaric times

RADIO 4's Monday evening play, Don Taylor's *When the Barbarians Came*, covers the Roman reaction to the Goths' entry of the city in AD 376. Wealthy, idle Marcus (Norman Rodway) and his mistress Julia (Frances Barber) see the plebs' welcome on their television. Theatre director Adrian (Peter Woodthorpe) gradually accedes to new demands until, under a Goth assistant, he has a hit with an Oedipus genuinely blinded, a Richard III actually put to the sword. Antony (Colin MacFarlane), a captain in Intelligence, appears to take sides with anti-barbarian students, though continuing his intelligence work; and Augustus, a quasi-Emperor, pulls out, selling his property to the Goths.

The political reactions are shown only among the middle and upper classes. It would have been interesting to hear a voice from the plebs, to know for instance, how the common people, so free from revolt, felt about the slave-camps set up for the unemployed and homeless, and later about National Sacrifice Day, with five citizens killed to music. ("I'd rather watch it on television," Marcus says.) Antony comes nearest to a public opinion. Why accept barbarians? There's been no uprising. Our society is based on barbarism, it's the people's hearts that must change. Neither Rome nor the Goths is specifically mentioned, and the play seems as much concerned with the historic association of Romans and Visigoths as with any analogy with our own day. I found it a fascinating piece, and stayed awake half the night thinking about Germany, Northern Ireland, the Caribbean and elsewhere. Jeremy Howe was the director.

On Sunday Radio 3 gave us Louis MacNeice's *Christopher Columbus*, with the Walton music. There is excitement in Columbus's first voyage (in the play's second hour), but we wait a long time while he argues with this duke and that bishop, achieving merely a charge of heresy. Only victory over the Moors persuades Queen Isabella to give him a ship; then he demands to be Viceroy and Governor-General over the places he finds, with one-tenth of the treasure and one-eighth of the lands and revenues. If I had been the Queen I'd have handed him over to the Inquisition.

MacNeice's lines are not alluring, and Walton's music, recorded by the BBC Singers and Symphony Orchestra under Simon Joly, seemed to me useful but little more. Alan Howard's playing of Columbus matched the occasional vividness of the words, and indeed the company, directed by Ian Cotterell, truly suggested the consciously aristocratic Spanish nobles Columbus had to persuade.

(Tomorrow morning on Radio 4, you can hear *What if . . . ?*, in which American academics discuss with Dr Christopher Andrew the differences, on each side of the Atlantic, we should see if Queen Isabella hadn't changed her mind.)

Drama of another kind came on Radio 5 on Monday, with the first part of *Groosham Grange* by Anthony Horowitz, adapted by Stephen Sheridan. It is a farce for teenagers about a schoolboy, sacked from Beaton, and sent to the weird eponymous academy. The headmaster was playing Verdi's *Requiem* when we joined. "Yes, it's something you can really dance to," said the hideously deformed caretaker. So you see where we are. At least this won't be as middle-class as boys' school-stories tend to be. There are two more instalments to come, no matter what the *Radio Times* says.

Saturday night was Burns Night, and Radio 2 gave us *A Tribute to Robert Burns*, with songs by Kenneth McKellar and readings by Tom Fleming. McKellar is a favourite Scottish singer; and Fleming gave a reading of "The cotter's Saturday night" that – speaking as a Sassenach – I thought splendid. Radio 3 competed with 20 minutes from Jamie McGee, the legendary (*sic*) one-armed blues bagpiper, something you don't hear every day.

B.A. Young

Screen

Virility rules

THE NEW Man, as we all know, is gentle, caring and Politically Correct. He helps with the washing up and changes baby's nappies. He makes sure the goldfish has fresh water, the dog has a good book and the cat is on a high-fibre vegetarian diet. He croons his wife to sleep and then spends all night studying Dr Spock.

We have to ask at this point: Where is the New Man in modern cinema? The film heroes on video this month include Arnold Schwarzenegger stomping around futuristic Los Angeles smashing everything and everyone in sight in *Terminator 2* (Guild); Bruce Willis brawling and ladykilling across New York and Europe in *Hudson Hawk* (20: 20); a whole lot of gun-toting blacks blasting us out of our sofas in *New Jack City* (Warner); and Gerard Depardieu battering Isabelle Huppert into romantic submission in the French film *Loulou* (Artificial Eye).

Popular ideology likes the New Man. Popular entertainment loathes him. And video culture may be part of the reason. With its stress on short-attention-span storytelling, where every scene must pack a punch to keep the home viewer's finger off the fast-forward button and his mind off the rival TV channels, video demands high-definition heroes with no-nonsense virility.

The world sometimes makes penance for this by throwing charity money at a film like *Dances With Wolves* (Guild). But there is a deep and essential Jekyll-and-Hyde duality in the simultaneous rise of the caring male in modern sociological fashion and the Cro-Magnon super-hero in modern cinematic fashion.

Indeed in today's movies the sensitive male must be surreal to be believed. He must be the crazed, poetic, topiarising youth created by a mad scientist in *Edward Scissorhands* (Fox), where he is played by Johnny Depp in all-Gothic leather as if he were Harpo Marx mugged by Kenneth Anger. Tim Burton's fantasia in small-town America comes to us from the same writer-director who gave us *Batman* (Warners). In this, you recall, the hero is a masked avenger by night (all-male superhero) and a home-loving fellow by day (New Man), played by a Michael Keaton best-known previously for man-with-apron roles like *Mr Mom*.

In *Edward Scissorhands* the New Man is a gentle, adorable freak. In period guise he is much the same in Peter Medak's film of the Craig-Bentley case *Let Him Have It* (1st Independent), where Bentley is a sweetnatured fellow of deprived IQ driven towards violence by his evil twin Craig. Medak builds a stylish, moody picture of 1950s Britain in this true-life tale of travestied justice – Bentley was hanged for a policeman's murder he neither committed nor probably abetted – and he sharpens without caricaturing the contrast between the gangling, slow-witted hero and his pint-size Mephistopheles pal.

As the sum of these films shows, the cinema has a wonderful counterbalancing instinct. Every ideological posture that a new age brings provokes an equal and opposite counter-posture. For every gentle chap brought shyly towards the centre of action from screen left, his opposite is sent stomping in from screen right.

Which brings us back to the Stone Age superheroes we started with. I have tried to dislike *Terminator 2*, with its preposterous superhunk throwing his weight around post-nuclear L.A. But dear me, I would rather have Arnold Schwarzenegger in this mad, mythopoeic, metamorphic form than Kevin Costner tending the winsome Indians in *Dances With Revisionism*.

I cannot so keenly recommend *Hudson Hawk* or *New Jack City*: sometimes thick-eared machismo is just thick-eared machismo. But you should try the European thinking man's answer to Mr Schwarzenegger, namely Monsieur Depardieu. In Maurice Pialat's *Loulou* our Gerard is not so much a New Man, more an ageing hippie driven by Bachanialian demons. He sweeps a stunned-looking Isabelle Huppert off her feet, pushes aside her maturer boyfriend (Guy Marchand) and generally behaves as if he would not recognise Political Correctness between the sexes if it fell down from the sky and beaned him.

Nigel Andrews

Romeo in Bristol

THE BRISTOL Old Vic's *Romeo and Juliet* puts Renaissance Italy in a recreated Georgian Theatre and subjects it to a 20th-century interpretation. The result is a pacey, open performance of one of Shakespeare's most claustrophobic plays.

For their first season at the Old Vic, director Andrew Hay and designer Mick Bearwish have followed the theatre's 1766 seating layout. This places some spectators to the sides and rear of the stage. This moves a lyrical play, already near the inwardness of *Venus and Adonis* and the *Sonnets*, towards closet drama: quiet, intimate and complex.

The set and design are simple and integrated. Verona's brawling families are colour-coded by faction, the young bloods in vivid reds or yellows, their elders in mellowed autumnals. An arched courtyard and balcony give on to an open courtyard. The lighting is static, establishing either the bright "public haunt of men" or the gloomy horrors of the Capulet monument. There are no props. Sword fights are effected by mime and a meticulously-timed soundtrack.

The most distinctive aspect of the characterisation is the prominence which Hay rightly gives to the Nurse (Caroline Bliss) and Friar Lawrence (Dave Bond); the former is a gap-toothed West-Country woman who deserves Juliet's curse "ancient damnation", and the latter is an unpredictable meddler. Hay presents them as consistent entities, and this helps explain Juliet's scepticism about them both.

Romeo (Clarence Smith) starts "in likeness of a sigh" and finds enough stamina in the part to turn "drivelling love" into firm arguments when he meets resistance from Friar Lawrence. Juliet is superbly played by Geraldine Somerville; she controls the disparate emotions brought together in Juliet and made manifest by the plot. She is by turns bold, shy, feckless and deliberate. She speaks her soliloquies frankly; and the balcony scenes with Romeo are a tender and witty delight. Elsewhere, Nigel Betts is an ursine Montague and Stewart Porter an irascible Capulet. Between them, Simon Day plays both Tybalt and Paris. Suzanne Packer as Mercutio is all energy.

This uncluttered production, along with the two recent RSC stagings (Terry Hands in 1989 and David Leveaux in 1991) witnesses the welcome view of *Romeo and Juliet* as a tense, pared-down drama which needs no trappings if the director trusts the author. Perhaps a new Shakespearean minimalism is afoot.

Andrew St George

Chess No 908: 1 Qb3 Kc7 2 Qg3, or Kc5 2 Qa3, or c5 2 Qb6. end

Fringe developments

SNARLING Beasties have two themes – showbiz and sexual politics, the former exemplified by their biopic *Valentino*, the latter by a trilogy culminating in the provocatively titled *The Woman Who Cooked her Husband*. They have one style, a gutsy physical theatre, strongly influenced by film, and punctuated with recordings of popular song. Their latest show combines the lot in what I wish I could report as a ground-breaking venture. But this talented young company, led by writer, director and sometime performer Debbie Isitt, has developed a patter as repetitive in its way as the jokes of a down-beat stand-up.

You Never Know Who's Out There, which is being premiered at London's Drill Hall Arts Centre by the Other Theatre of Comedy, follows a group of club performers from scratch to scratch, using their work as a mirror for their lives. Bobby Vincent, the king of comedy, sublimates a deep streak of misogyny in an act based on sexist jibes, to which his wife, "the lovely Faye", responds by getting sozzled. Manager Sonny plays each off against the other, while tolerating his tatty ventriloquist brother, and running in terror from his guest artiste, a dumpy drag queen who "does Cher".

Isitt's big problem is structure. She writes pithily and funnily, but increasingly I feel she uses her trademark style as a shield against the demands of developing a fully satisfying play. She certainly has a knack of assembling fine performers (James Gaddas and Beverley Klein stand out alongside a rather subdued Mark Kilmurry), but her plot merely serves to illustrate the scenario of second-rate people living second-rate lives.

There is nothing second rate about *Medea*, the original snarling beastie, who is dragged kicking and screaming to to the Lilian Baylis Theatre by the veteran women's ensemble Monstrous Regiment. Clare Venables, the company's new artistic director, has modernised Euripedes' tragedy into a feminist stock-taking exercise which dispenses with higher wisdoms to represent Jason (Martin Gower) as a patronising opportunist who, notwithstanding that he has ostensibly walked out on his wife for no very good reason, would seem entitled to sue for divorce on grounds of unreasonable behaviour.

Ishia Bennison's thoroughly modern Medea hurls books and crocks, scribbles on walls and finally kills her two strapping sons in what one can only regard as a tantrum. Oh, how one longs to offer her a coffee and a Kleenex – as indeed Sue Holland's pained Chorus does at one point. This is the third adaptation of *Medea* to hit the stage in the last few months and it is the least convincing, because it gives no sense of a divine or historic injustice bearing down on an individual. Women do pick the wrong men, and husbands do walk out on their wives, but a crisis is not the same as a tragedy.

The crisis of David Mamet's short 1985 play *The Shawl* is not of faith but of agnosticism. Is it possible, he asks, that a charlatan faith healer could have some sort of psychic powers? If so, could he find the language to express what he sees, when his act is so entirely geared to duping people. This is a virtuoso piece of linguistic juggling which is very adequately served by a young cast at Camden Town's Etcetera Theatre under the direction of Bryce Pedersen. They could, however, take a lesson from the Snarling Beasties and find themselves a better name. Uneasy in my Easy Chair Theatre Company hardly promises a pleasurable evening's fringe-going.

Claire Armitstead

TELEVISION

SATURDAY

BBC1

6.35 Open University. 7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

12.12 Weather.

12.15 Grandstand introduced by Steve Rider. 12.20 Rugby Union: Previewing the second round of the Five Nations Championship. 12.25 Racing from Chepstow: 12.30 Johnsey Estates Handicap Chase. 12.40 Rugby Union. 12.50 News. 12.55 Racing: 1.00 The Philip Cornes Saddle of Gold Hurdle Final. 1.10 Cricket from Auckland: New Zealand v England in the Second Test. 1.25 Racing from Chepstow: 1.30 The John Hughes Grand National Trial. 1.40 Rugby Union. 1.50 Hockey from Crystal Palace: The Scottish National Indoor Club Championship. 2.15 Rugby Union: Live from Twickenham, England v Ireland kicking off at 2.30, plus highlights at 4pm of Wales v France. 4.35 Final Score. Times may vary.

5.10 News.

5.20 Regional News and Sport.

5.25 Stay Tooned!

5.50 Noel's House Party.

6.40 Big Break. Snooker stars Joe Johnson, Ray Reardon and Terry Griffiths play against the clock on behalf of contestants.

7.10 The Paul Daniels Magic Show.

7.55 Moon and Son starring Millicent Martin, John Michie and Ian Redford.

8.50 News and Sport; Weather.

9.10 That's Life! Esther Rantzen and the team with more investigations, humour and real-life stories.

9.50 Midnight Caller.

10.40 Film: Flashpoint. Two Arizona cops believe they've found President Kennedy's assassins when they uncover two Army skeletons. But they also find the Kennedy conspiracy hasn't gone away and they could be the next victims. Starring Kris Kristofferson, Treat Williams, Rip Torn, Miguel Ferrer and Kevin Conway (1984).

12.10 Film: Blood Beach. Mysterious disappearances at local beaches cause concern. Horror, starring John Saxon, David Huffman and Mariana Hill (1981).

1.35 Weather.

1.40 Close.

BBC2

6.40 Open University.

3.00 Mahabharat. (English subtitles).

3.40 Film: To Kill a Mockingbird. Adaptation of Harper Lee's novel. Gregory Peck plays a lawyer, defending a black man charged with rape, who tries to explain the proceedings to his motherless children. Robert Duvall also stars with Mary Badham and Brock Peters (1962).

5.45 Late Again. Highlights of The Late Show, the arts and media magazine.

6.30 News and Sport; Weather.

6.45 Tortelier Masterclass. Paul Tortelier brings Gallic wisdom to Elgar's Cello Concerto, coaching Elizabeth Ramsay and Emma Ferrand in its interpretation. First screened in April 1974.

7.30 Fine Cut: Absolutely Positive. New series. Feature-length documentaries by independent film-makers. The first, by American Peter Adair, covers the moving story of 11 men and women who live with the knowledge that they are infected with the HIV virus, which could develop into Aids in the next 10 years.

9.00 Moving Pictures. Berlin's Babelsburg film studios are responsible for such classic movies as Metropolis and The Blue Angel. Moving Pictures finds out how they are coping with the new challenge of a market economy. Plus, a profile of director Robert Altman and how to fund a British film — three first-time writer-directors describe the unconventional routes they took to celluloid.

9.50 Film: Matewan. Uncompromising account of a group of West Virginian mine workers who stage a strike. Chris Cooper and Mary McDonnell star with James Earl Jones in this real-life drama (1987).

12.00 Film: Baron Munchhausen. Spectacular production about the European folk hero who can't stop lying. His adventures take him across the world, and to the moon and back. Starring Hans Albers with Brigitte Horney (1943).(English subtitles).

1.55 Close.

LWT

6.00 TV Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

1.00 ITN News; Weather.

1.05 LWT News; Weather.

1.10 Saint and Greavsie. Ian and Jimmy look at the FA Cup fourth round replays, tomorrow's televised clash between Aston Villa and Everton, and the North West heat of the Sprint Challenge to find football's fastest player.

1.55 The Day.

2.00 Ski Tips.

2.30 Cobblestones, Cottages and Castles. David and Oliver take fright at things that go bump in the night. Last in series.

3.00 Film: The Oregon Trail. A debonair New York reporter is assigned to find out the story behind the battle for territory between settlers and Indians. Starring Fred MacMurray and John Carradine (1959).

4.35 Cartoon Time.

4.45 Results Service.

5.00 ITN News; Weather.

5.05 LWT News; Weather.

5.15 10 Sharp! Hosted by Pat Sharp.

5.25 Baywatch.

6.15 Best of Blind Date.

7.15 Barrymore.

8.00 The Worst of It'll Be Alright on the Night. Denis Norden opens the archives on more classic celebrity blunders.

9.00 Boxing: WBO Super Middleweight Championship. Chris Eubank v Thulane 'Sugar Boy' Malinga. Live from the National Indoor Arena, Birmingham. Presented by Jim Rosenthal, with commentary from Reg Gutteridge and Jim Watt.

10.00 ITN News; Weather.

10.15 LWT Weather.

10.20 Aspel and Company. Dancer and actress Shirley Maclaine, and singing superstar Diana Ross are among Michael's guests.

11.05 Tour of Duty.

12.05 Get Stuffed; ITN News Headlines.

12.10 Passengers.

12.40 WCW Pro Wrestling.

1.40 Get Stuffed.

1.45 New Music; ITN News Headlines.

2.45 Bhangra Beat.

3.15 American College Football 1991.

4.15 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Listening Eye. 10.00 The Big 8. 10.30 Film: Bulldog Jack. 11.50 The Three Stooges. 12.15 pm Get Smart.

12.45 Racing from Sandown Park and Leopardstown. Introduced by Brough Scott. Including from Sandown Park the 12.55 Ripley Four-year-old Hurdle, 1.25 Scilly Isles Novices' Chase, 2.00 Tote Jackpot Handicap Hurdle, from Leopardstown the 2.10 Wessel Cable Champion Hurdle, and from Sandown Park the 2.35 Agfa Diamond Chase (H'cap), and the 3.10 Agfa Hurdle.

3.30 Film: A Run for your Money. Ealing comedy starring Donald Houston and Meredith Edwards with Alec Guinness and Moira Lister (1950).

5.05 Brookside.

6.30 Right to Reply. Viewer Claire Fisher turns the camera on Martin Parr, who inspired the BBC series Signs of the Times and ventures into his home. Wendy Bradley questions the managing director of BBC Network Television, Will Wyatt, about cutting the rape scene in the films The Accused, and cutting a sex scene in the BBC's A Time to Dance.

7.00 A Week in Politics. Shadow Environment Secretary Bryan Gould MP, on the council tax, poll tax and Labour's fair rate scheme; Clare Short MP, talks about reselection problems in Birmingham; a look at Scottish calls for independence; and the battle over VAT between the Conservatives and Labour.

8.00 Satellite Sky.

9.00 Sellers's Best. Documentary to launch a season of Peter Sellers's classic British movies, which examines his early film career. With contributions from Spike Milligan, Beryl Reid and Ian Carmichael.

10.15 The Running, Jumping and Standing Still Film. Goon-influenced silent short about unlikely occurrences in a field. Starring Peter Sellers and Spike Milligan.

10.30 The Case of the Mukkinese Battlehorn. Peter Sellers and Spike Milligan feature in this earlier short, about the theft of a rare battlehorn from the Metropolitan Museum.

11.00 Film: 20,000 Years in Sing Sing. With Spencer Tracy and Bette Davis (1933).

12.25 The Word.

1.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Ski Tips. 1.05 Anglia News. 1.55 Dinosaurs. 2.25 The Spectacular World of Guinness Records. 2.50 Cartoon Time. 3.05 Carry on Cabby. (1963) 5.05 Anglia News and Sport 5.15 Cartoon Time. 11.05 Up the Junction.

BORDER: 1.05 Border News. 1.55 My Secret Identity. 2.25 Out of Limits. 2.40 The Wind Cannot Read (1958) starring Dirk Bogarde. 5.05 Border News 5.15 Cartoon Time. 11.05 The Granada Match.

CENTRAL: 1.05 Central News 1.55 Great Planes. 2.55 The Disorderly Orderly. (1964) 5.05 Central News 5.15 Central Sports Special – Goals Extra. 11.05 The Stone Killer. (1973)

CHANNEL: 12.30 Superman. 1.05 Diary Dates. 1.55 Motorsport Special. 2.25 McCloud: Colorado Cattle Caper. (TVM 1973) 3.55 The A-Team. 5.05 Channel News. 5.15 Cartoon.

GRAMPIAN: 12.30 Ski Tips. 1.05 Grampian Headlines 1.55 Abairt 2.15 Crann Tara. 2.45 Superstars of Wrestling. 3.45 Champions of Grampian. 4.45 Scotsport Results. 5.10 Criomagan 5.15 Cuirm Cloinne. 10.15 Grampian Weather. 11.05 Matlock.

GRANADA: 12.30 Superman. 1.05 Granada News 1.55 The Spectacular World of Guinness Records. 2.20 Rock Sport. 2.40 The Wind Cannot Read (1958) starring Dirk Bogarde. 5.05 Granada News 5.10 Granada Goals Extra. 11.05 The Granada Match.

HTV: 12.30 Superman. 1.05 HTV News. 1.55 Soccer in the 70s. 2.25 Ski Tips. 2.55 Pork Chop Hill (1959) 5.05 HTV News and Sport.

HTV Wales as HTV except: 5.20 Cartoon Time.

SCOTTISH: 12.30 NB. 1.05 Scotland Today. 1.55 The Life and Times of Grizzly Adams. 2.50 Four for Texas. (1963) 4.45 Scotsport Results. 5.05 Scotland Today 5.15 Cartoon Time. 5.25 Baywatch. 11.05 The Young Riders.

TSW: 12.30 The South West Week. 1.05 TSW News. 1.55 Peppino. 2.30 The Spectacular World of Guinness Records. 3.00 White Witch Doctor. (1953) 5.05 TSW News. 5.15 Gus Honeybun's Cartoontime. 10.15 TSW Weather. 11.05 Kojak

TVS: 12.30 Superman. 1.05 TVS News. 1.55 Motorsport Special. 2.25 McCloud. 3.45 Cartoon. 3.55 The A-Team. 5.05 TVS News. 5.15 Cartoon.

TYNE TEES: 1.05 Regional News. 1.55 The Spectacular World of Guinness Records. 2.25 Out of Limits. 2.40 Rugby League – Live. 4.45 Results Service. 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 11.05 Kojak.

ULSTER: 12.30 Blockbusters. 1.05 Ulster News 1.55 Superstars of Wrestling. 2.50 Sky West and Crooked. (1965) 5.05 Ulster News and Sport 5.15 Cartoon Time. 10.15 Ulster News Headlines 11.05 The Granada Match.

YORKSHIRE: 12.30 Katts and Dog. 1.05 Calendar News. 1.55 The A-Team. 2.50 Cartoon Time. 3.05 Carry on Cabby. 5.05 Calendar News. 5.15 Cartoon Time. 10.15 Local Weather. 11.05 Loose Cannon.

SUNDAY

BBC1

7.35 Open University. 8.50 Playdays. 9.10 News. 9.15 Getting Through. 9.30 This is the Day. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Advice Shop Extra! 11.00 Second Chance Challenge.

12.00 Bazaar.

12.25 Experiment!

12.30 Country File.

12.55 Weather for Farmers.

1.00 News; On the Record. Jonathan Dimbleby talks to education secretary Kenneth Clarke about his education reforms and asks what they hold for the future of secondary schools.

2.00 EastEnders.

3.00 Film: Hotel. Old-fashioned drama about guests staying at a luxurious hotel and their various problems. Based on the best-seller by Arthur Hailey, and starring Rod Taylor and Catherine Spaak with Karl Malden, Melvyn Douglas and Michael Rennie (1967).

5.00 Tom and Jerry.

5.05 The Clothes Show. Freelance beauty journalist Kate Shapland reports on the Acne Support Group, to be launched in April. With the impending wedding of Bride of the Year winner Gilly Reeves, Jeff Banks looks at the progress of her dream dress.

5.30 Antiques Roadshow. Hugh Scully and the team visit Chippenham in Wiltshire with finds including a French-style Victorian walnut cabinet.

6.15 Play It Safe! Anneka Rice investigates house fire prevention.

6.25 News.

6.40 Songs of Praise.

7.15 'Allo 'Allo!

7.45 Lovejoy.

8.35 As Time Goes By.

9.05 One Foot in the Grave.

9.40 Birds of a Feather 1989 Christmas Special.

10.10 News and Weather.

10.25 Everyman. In 1990, Mary Grayson from England became involved in a devastating relationship with a man who had been on Death Row for 13 years. Everyman follows Mary's extraordinary friendship with the murderer as his life ebbed away.

11.05 Snooker: The Masters. Stephen Hendry takes on Martin Clark at the Wembley Conference Centre.

12.05 Mahabharat. (English subtitles).

12.45 Weather.

12.50 Close.

BBC2

6.35 Open University. 12.00 Around Westminster. 12.30 pm Cricket: The Second Test.

1.00 Film: The Story of Vernon and Irene Castle. Fred Astaire and Ginger Rogers star (1939).

2.30 Snooker: The Masters. Tony Knowles v James Wattana, and Mike Hallett v Dean Reynolds. Continues on BBC1 at 11.05pm.

5.00 Rugby Special. England meet Ireland at Twickenham and France open their Five Nations account against Wales at Cardiff.

6.00 Ski Sunday.

6.35 The Money Programme. With the arguments raging over the Government's plans to privatise British Rail, Tessa Curtis speaks to prospective rail operators, including Richard Branson, and assesses the chances of increased investment and improved services. Peter Jay discusses the privatisation plans with Transport Secretary Malcolm Rifkind MP.

7.15 Prisoners of the Sun. Humans have been particularly successful in competing with nature, and are taking over more and more of nature's energy supply. But is the energy war one that's worth winning?

8.05 Signs of the Times. In matters of taste, people are different. Ray and Jane change their three-piece suite twice a year, while Patrea and Alan only decorate their family home every other generation. Signs of the Times concludes with a humorous look at attempts to maintain individual taste.

8.55 Balloon.

9.05 Trying Times.

9.35 Did You See? Jeremy Paxman is joined by former MP Bernadette McAliskey to review Inside Story Special: Remember Bloody Sunday; design guru Stephen Bayley looks at Signs of the Times; and Derek Jameson reviews Second Thoughts. Plus, a film from Long Island on American reaction to the BBC comedy classic Are You Being Served?

10.10 Screen Two: The Count of Solar. A deaf boy is found living wild in the French countryside. He learns to communicate and, through signs, claims to be the heir to a great estate.

11.30 Film: Tokyo Pop (1988).

1.05 Def II: Rapido.

1.40 Close.

LWT

6.00 TV-am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.

1.10 Walden. New series. Brian Walden interviews Peter Brooke, Secretary of State for Northern Ireland.

2.00 Sharp's Funday.

2.50 Dinosaurs.

3.20 The Match. Aston Villa v Everton, live from Villa Park. Alan Parry is the commentator, and Elton Welsby is the programme host. Also featured are all the goals from the rest of the weekend's First Division games and the Goal of the Day competition.

5.30 Bullseye.

6.00 Animal Country.

6.30 ITN News; Weather.

6.35 LWT News; Weather.

6.40 Highway. Sir Harry Secombe visits Jervaulx Abbey in the Yorkshire Dales.

7.15 You've Been Framed!

7.45 The Darling Buds of May. Primrose continues her pursuit of the Rev Candy, and Mlle Dupont (Anna Massey) discovers that MiLord Larkin is not all he seemed to be in France. Starring David Jason and Pam Ferris.

8.45 ITN News; Weather.

9.00 LWT Weather.

9.05 The Cloning of Joanna May. The concluding part of this dramatisation of Fay Weldon's novel, starring Patricia Hodge and Brian Cox. Joanna comes face to face with her three youthful clones.

10.35 The South Bank Show. Profiling Australian poet Les Murray, who is regarded as one of the finest poets writing in English. Presented by Melvyn Bragg.

11.35 Hooked. Stuart Cosgrove discovers which are the most addictive drugs and how they affect the human system.

12.05 Cue the Music.

1.00 The ITV Chart Show.

2.00 Film: Revenge. After a little girl is murdered, her family take a terrible revenge on the person they believe is responsible. Starring Joan Collins and James Booth (1971); **ITN News Headlines.**

3.30 Pick of the Week.

4.00 Film: The Embezzler. A dying middle-aged bank clerk decides to steal a large sum of money from his bank and run away to South America. Starring Charles Victor (1954).

5.05 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.50 Dennis. 11.10 Round the Bend. 11.30 Dramarama. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.

2.00 Film: Forty-Ninth Parallel. World War Two drama, starring Eric Portman and Laurence Olivier (1941).

4.20 Trade Tattoo.

4.25 Valued Opinion. Looking at miniature paintings, many worth thousands of pounds, with expert Richard Allen from Sotheby's.

4.55 News Summary.

5.00 Scottish Eye throws new light on the mysterious death in April 1985 of the Glasgow lawyer and leading Scottish nationalist, Willie McRae.

5.30 Dig. Graham Dury of Viz comic looks at grasses; Anne Steele explains the secret of mulch; and Mike Majerus of Cambridge University tackles an invasion of two million tons of aphids.

6.00 Teenage Health Freak.

6.30 The Wonder Years.

7.00 Fragile Earth. Russian caviar was once the country's most glamorous and reliable hard-currency export, but the trade is now beset by environmental problems and organised crime. Fishermen say that the decrease in sturgeon is due to hydro-electric dams built on the Volga delta, whereas scientists blame pollution. Fragile Earth investigates.

8.00 Whicker's World – Down Under.

8.30 On the Edge. New series. Is improvisation in music important? A group of children are introduced to music making by exploring sounds, instruments and their own relationships.

9.30 Burning Books. New series. Claire Rayner discusses an American 'handbook' on euthanasia, while Robert Elms and Charles Nichol review two travel books. Other works reviewed include The Literary Companion to Sex by Fiona Pitt-Kethley, and a selection of 'paparazzi' photographs.

10.00 Film: Only Two Can Play. Peter Sellers plays a librarian who has an affair with a councillor's wife. Co-starring Mai Zetterling. (1962).

12.00 Film: The Empty Table. A family disintegrates when one of its members is arrested for terrorist activities. Shown as part of the World Cinema season (1985).

2.40 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.25 Goals Galore. 12.50 Anglia News. 2.00 The Story of Steam. 2.50 A Place in the Sun. 6.35 Anglia News.

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.00 Coming of Age. 2.25 Cover Story. 2.50 Bullseye. 5.30 Football. 6.35 Border News.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.00 The Merry Musketeers. 6.00 Dinosaurs. 6.35 Central News

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.00 Ski Tips. 2.30 Cartoon. 2.50 Dinosaurs. 6.35 Channel News.

GRAMPIAN: 10.45 Peppino. 11.15 Eikon. 11.45 Link. 12.30 My Secret Identity. 12.55 Grampian Headlines. 2.00 Short Story Theatre. 3.00 Football. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Grampian Headlines

GRANADA: 12.25 Close to the Edge. 2.00 The A-Team. 2.50 Bullseye. 5.30 Coronation Sreet. 6.35 Granada News

HTV: 12.30 Farming Wales. 12.55 HTV News. 2.00 HTV Newsweek. 2.50 Dinosaurs. 6.35 HTV News.

SCOTTISH: 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Let's Rejoice. 12.30 Eikon. 12.55 Scotland Today. 2.00 Cartoon Time. 2.05 The Wonderful World of Disney. 3.00 Football. 4.00 Jimmy Shand 84th Birthday Tribute. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scottish Action on the Elderly. 6.35 Scotland Today

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Fisheries News. 2.15 Children's Island. 2.45 Gus Honeybun's Magic Birthdays 2.50 Superman. 6.35 TSW News.

TVS: 12.30 TVS News. 12.33 Agenda. 12.58 TVS Weather. 2.00 Ski Tips. 2.30 Cartoon. 2.50 Dinosaurs. 6.35 TVS News.

TYNE TEES: 12.25 The Best of British. 12.55 Regional News. 2.00 Around the World in Fifteen Minutes. 2.20 Dinosaurs. 2.50 The Back Page. 6.35 Regional News.

ULSTER: 12.30 Gardening Time. 12.55 Ulster News 2.00 Rock Sport. 2.15 Farming Ulster. 2.50 Bullseye. 5.30 Coronation Street. 6.35 Ulster News and Sport 9.00 Ulster Newstime

YORKSHIRE: 12.25 Goals on Sunday. 12.50 Calendar News. 2.00 Death Race. 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 11.35 Scrumdown.

S4C Wales as Channel 4 except:- 9.30 It's a Dog's Life. 10.00 The Crystal Maze. 11.00 Voyage to the Bottom of the Sea. 12.55 Now You're Talking 1. 1.20 Now You're Talking 2. 1.45 Bwrw Mlaen. 2.15 San Steffan. 2.35 Equinox. 3.35 By the Light of the Silvery Moon. 5.30 Pobol y Cwm. 7.05 Newyddion. 7.10 Saith ar y Sul. 7.25 Llcyrls Olsorts. 8.00 Hel Straeon. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Mwy Na Phapur Newydd. 9.45 Sellers's Best? 11.00 The Glass Menagerie.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 The Navy Lark. 1.30 I'm Sorry I Haven't a Clue. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Junkin's Jokers. 4.30 The Great Musicals. 5.00 Cinema 2. 5.30 Music by Bill Conti. 6.00 Bob Holness Requests the Pleasure. 7.00 The Pasadena's Almanac. 7.30 A Viennese Gala. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 June Christy. 12.35 Night Ride. 3.00 A Little Night Music. 4.00 Barbara Sturgeon.

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 BBC Scottish Symphony Orchestra.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 Homage to Couperin
2.05 Rafael Kubelik.
4.00 Tuning Up.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 (FM only from 9.25pm) Live from the Met: Turandot.
9.25 (MW) Test Match Special.
9.45 (FM) Free Spirit.
10.00 (FM) Ursula Oppens.
10.55 (FM) Contrasts.
12.00 (FM) News.
12.05 (FM) Close.

BBC RADIO 4
6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute!
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse: The Finger of Suspicion.
3.45 Thro' Rare West Kerry.
4.00 News; The Art of Travel.
4.30 Science Now.
5.00 Second to None.
5.25 Family Fortunes.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-Up.
6.25 Week Ending.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Classic Serial: Under Western Eyes.
8.50 Only Connect.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Northern Lights.
10.45 For He is an Englishman.
11.00 Richard Baker Compares Notes.
11.30 The Nick Revell Show.
12.00 News; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 News.
6.08 News About Britain.
6.15 The World Today.
6.30 Morning Edition.
9.00 On Your Marks.
12.00 News followed by Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport On 5.
6.06 Six-O-Six.
7.30 Le Top.
9.00 World Title Fight.
10.00 Sports Bulletin.
10.15 On the Level.
12.00 News and Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; 24 Hours; News Summary. 7.30 From The Weeklies. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin.

12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News about Britain. 4.15 BBC English. 4.30 News in German.

4.40 German Features. 5.00 News Summary; Sportsworld: Final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary.

6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News; Seeing Stars. 10.20 Meridian.

10.50 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 Play of the Week: Different States. 2.00 Newsdesk. 2.30 What Do Hindus Believe?

3.00 News; News about Britain; Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 Newsdesk. 4.30 Business Review; Travel. 4.45 News and press review in German.

SUNDAY

BBC RADIO 2
7.00 Don MacLean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Palm Court Time. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Ellis Hill with Night Ride. 3.00 A Little Night Music. 4.00 Steve Madden

BBC RADIO 3
7.00 Morning Concert.
8.30 News.
8.35 Music for the Serenissima.
9.15 The Juilliard Quartet.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.25 Liszt.
12.40 Signposts.
1.00 News.
1.05 Your Concert Choice.
2.30 The Art of The Fugue.
4.10 Poet of the Month.
4.30 BBC Philharmonic.
5.15 Opera News.
6.00 Choral Vespers.
7.00 Kurt Weill.
7.30 Sunday Play.
9.20 (FM) The Ulster Orchestra's American Tour.
9.25 (MW) Test Match Special.
10.50 (FM) Delme String Quartet.
11.40 (FM) I Said to Love.
12.00 (FM) News.
12.05 (FM) Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Week's Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.45 The Beaten Track.
4.00 The Power and the Glory.
4.47 Golden Oldies.
5.00 News; Down Your Way.
5.40 First Person.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.15 The Village.
6.30 Present Words.
7.00 The Desert War.
7.30 Bookshelf.
8.00 What If?
9.00 The Natural History Programme.
9.30 Special Assignment.
9.59 Weather.
10.00 News.
10.15 Vaughanasaga – Northern Lights Festival.
11.00 In Committee.
11.30 Seeds of Faith.
11.45 Before the Ending of the Day.
12.00 News and Weather.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 News.
6.30 Meridian Reports.
7.00 News and 24 Hours.
7.30 Sunday Edition.
9.00 Johnnie Walker with the AM Alternative.
10.30 Education Matters.
11.00 News and Sport; Topolski's Travels.
11.30 A Century Remembered.
12.00 News and Sport.
12.05 Ring a Winner.
1.40 Open University.
2.00 Sport; Chain Reaction.
2.30 Football Extra.
5.15 Bob Hatton Rattle.
6.00 Sports Bulletin.
6.05 Mission Investigates.
6.30 Swallows and Amazons.
7.00 Sports Bulletin.
7.10 Open University.
10.00 News and Sport.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; Twenty-Four Hours; News Summary. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith. 8.15 Music With Matthew. 9.00 News; Business Review. 9.15 Seeing Stars. 9.30 Folk in Britain. 9.45 Sports Round-up. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 Play of the Week: Different States. 1.00 Newshour. 2.00 News Summary. 2.01 Japan And The West. 2.30 Anything Goes. 3.00 News. 3.15 International Recital. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News and Business Review. 5.15 Club 648. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary; News in German. 6.40 German Features. 7.54 News in German. 8.00 News and Business Review. 8.15 Londres Derniere. 8.30 Europe Tonight 9.00 Newshour. 10.00 News; Folk in Britain. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Business Review. 11.15 Letter From America. 11.30 Japan And The West. 12.00 Newsdesk. 12.30 In Praise of God. 1.00 News Summary. 1.01 The Power And The Glory.

BRIDGE

A PAPERBACK edition of *Bridge – Tricks of the Trade* by Terence Reese and David Bird has been published by Gollancz at £5.99. It is an excellent book, you will be entertained and instructed by it. Here is a small slam contract, see what you can learn from Careless Talk Costs Lives:

N
♠ Q 10 4 3 2
♥ K Q 3 2
♦ J 10 8 7
♣ —

W
♠ J
♥ J 10 9 8
♦ A Q 6 5
♣ K 8 7 4

E
♠ 7 5
♥ 6 5 4
♦ 9 4
♣ J 10 9 5 3 2

S
♠ A K 9 8 6
♥ A 7
♦ K 3 2
♣ A Q 6

West dealt with East-West vulnerable, and after three passes South opened the auction with one spade, West doubled for take-out, North said four clubs. This was a splinter bid, promising strong trump support, and showing a club void (possibly a singleton). With his powerful hand the opener jumped to six spades, concluding the auction.

West led the heart knave,and the declarer took stock. Including two club ruffs, there were 11 top tricks, and the 13th could depend on a correct guess in diamonds. Then South remembered the bidding. West had doubled on the second round. He must surely hold the ace and queen of diamonds, and most probably held four cards in hearts. A heart-diamond squeeze against West seemed a certainty. Winning the opening lead with his ace, South ruffed a club in dummy, crossed to his spade ace, ruffed another low club, and drew the last trump with the queen, then cashed two more spades and the ace of clubs. In the five-card ending West held three hearts and ace, queen of diamonds, dummy held king, queen, three of hearts and two diamonds, while South held one spade, one heart, and three diamonds to the king. The last spade forced West to discard the diamond queen, dummy threw the low heart, and South now conceded a diamond to the ace, and made the rest.

E P C Cotter

CHESS

BORIS GELFAND, the 23-year-old Russian, has been in good form since Nigel Short eliminated him from the world title quarter-finals. Gelfand won at Belgrade, tied for second with Gary Kasparov at Reggio, and has just won at Wijk aan Zee in the Netherlands, a tournament sponsored by Hoogovens steel.

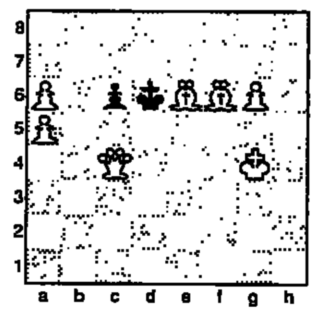
Gelfand, the World No 6, tied for first on 8½/13 with Valery Salov, the world no 10. But Wijk proved disappointing for John Nunn, who won the tournament in 1990 and 1991 yet trailed last of 14 for much of this year's event. His only two wins came at the end and he finished twelfth.

Gelfand likes to dominate opponents by blending strategy and tactics, sharp and safety play. Short cleverly embroiled him in tense, double-edged games where Gelfand lost his cool, overpressed, and fell to counterstrikes. He was back in his element at Wijk.

This game shows how White's g2-g4 advance, often viewed solely in terms of attack, can also have a positional objective: control of central light squares. Only when these are secure does Gelfand home in on the black king (B Gelfand, Russia, White; A Romero Holmes, Spain, Black; King's Indian Defence; Hoogovens, Wijk 1992).

1 d4 Nf6 2 c4 g6 3 Nc3 Bg7 4 e4 d6 5 Nf3 0-0 6 Be2 Nbd7 7 0-0 e5 8 Be3 c6 9 d5 c5? Taking two moves to block the centre is dubious; better Ng4 or Qe7. 10 Ne1 Ne8 11 g4! If White had played at once 8 d5 c5 Black could use the extra tempo for f7-f5 and so avoid an open g file. f5 12 gxf5 gxf5 13 exf5 Nb6 14 Kh1 Bxf5 15 Rg1 Nf6 16 Nf3 Ng4 17 Ng5 Nxe3 18 fxe3 e4 White threatened 19 Bd3, securing the light squares and winning after Bxd3? 20 Qxd3. 19 Ne6 Bxe6 20 dxe6 Qe7 21 Ne4 Qxe6 22 Bd3 Kh8 23 Rg3 White's centre is secure and the BK becomes the target. Black's next helps the white attack; better h6. Nd7? 24 Ng5 Qh6 25 Nxh7 Rf2 26 Qg1 Ne5 27 Bed! 27 Qxf2 Nxd3 is unclear. White's threat Ng5 and Rh3 winning the queen forces Black to cede material. Raf8 28 Nxf8 Rxf8 29 Qg2 Bf6 30 Rg1 Resigns After all the preparation, the open g file decides.

CHESS No 908



White mates in two moves, against any defence (S Ismaile, British Chess Magazine 1984).

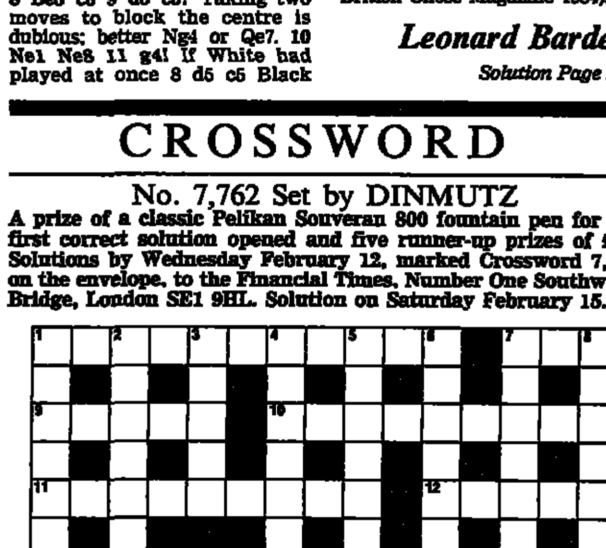
Leonard Barden

Solution Page XVI

CROSSWORD

No. 7,762 Set by DINMUTZ

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday February 12, marked Crossword 7,762 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 15.



Name....................

Address....................

ACROSS

1 Rough co-ordinates of the holly and the ivy, for example (11)
7 Always right up in Scotland (3)
9 Fellow with deficit finds novel place for a mill (5)
10 Verb later used in personal column? (9)
11 Fighting, it is in the blood (9)
12 Liking for a drop? (5)
13 State in the style of two graduates (7)
15 Record token (4)
18 Connected with ear, ring precedes nervous twitch (4)
20 Flowers on bosom droop in the middle (7)
23 Panic during official armistice (5)
24 Tricky dealer, eccentric and astute (4-5)
26 Number at university taking New Latin during the morning (9)
27 Composer seen in Harlequins' first half scrummage (5)
28 Silly mid-off (3)
29 Call before alternative pay settlement gets cold treatment (11)

DOWN

1 Payment for battle in the wood (8)
2 Language of actor in a new role? (8)
3 Hazards of run on faulty skis (5)
4 A Greek local (7)
5 Stroke, perhaps, on the river? (7)
6 Organ not connected with the Observer? (9)
7 A burden of half the clues (6)
8 Artwork for relaxation (6)
14 One who has trouble with the airways? (9)
16 Material for coats in Bath area, possibly (8)
17 Do in a battery? (3-5)
19 For nerve, he produces bottle! (7)
20 Head ornament for a group in the square (7)
21 Fellow, given the tools, grew crops (6)
22 Lightweight diet, over half a day (6)
25 Treatment of Valse Triste? (5)

Solution to Puzzle No.7,761

A	C	R	O	S	S		E	P	I	D	E	M	I	C
S		E		P		M		A		E		E		E
S	U	P	P	O	S	E		N	I	G	G	A	R	D
E		R		T		G		T		E		N		I
N	O	O	K		W	A	S	H	I	N	G	T	O	N
T		B		R		N		E		E				G
E	V	A	D	E	R		C	O	U	R	S	E	R	
D		T		A		I		N		A		D		R
	S	E	R	P	E	N	T		S	T	R	I	K	E
R				P		S		C		E		T		V
A	L	T	E	R	A	T	I	O	N		L	O	N	E
N		E		A		A		O		V		R		R
C	O	N	S	I	G	N		P	R	E	C	I	S	E
I		E		S		C		S		G		A		N
D	I	T	H	E	R	E	D		B	A	L	L	E	T

Solution and winners of Puzzle No.7,750

	C	I	R	C	U	M	S	T	A	N	T	I	A	L
T		N		A		E		A		E		D		O
R	E	F	I	T		G	O	L	D	C	R	E	S	T
O		I		C		A		O		K		A		T
W	O	R	S	H	I	P		M	A	C	E	L	L	E
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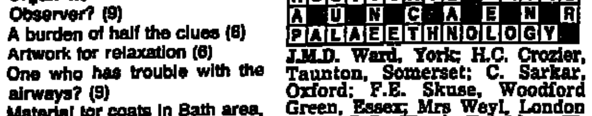
M	E	Y	E	R	B	E	E	R		H	E	F	T	Y
A				U				T				S		O
N	O	M	I	N	E	E		A	T	R	O	P	I	N
T		O		D		X		R		E		R		D
R	U	S	T	I	C	A	T	E		B	A	I	Z	E
A		U		N		C		A		E		N		R
P	A	L	A	E	E	T	H	N	O	L	O	G	Y	

J.M.D. Ward, York; H.C. Crozier, Taunton, Somerset; C. Sarkar, Oxford; F.E. Skuse, Woodford Green, Essex; Mrs Weyl, London SW15; D.R. Wood, Keighley, W. Yorks.



Kidnapping: a respectable job

Who would own up to being a journalist or a policeman? Asks ***Dominic Lawson***

AFTER THE introduction and "How do you do?" the next question always seems to be "What do you do?". I've always thought this routine of the first meeting rather depressing, suggesting as it does that work is the most interesting aspect of a person's life and character.

Why, just for once, can't the follow-up to the already trite "How do you do?" (no one except Jewish women of a certain age ever gives a truthful answer to this inquiry) be "What is your favourite novel?" or "What is your favourite piece of music?" or "If you could murder anyone and get away with it, who would be your first victim?" It would make life so much more interesting and unpredictable.

I suppose my insecurity over this matter of identification by career stems partly from the fact that I am a journalist and therefore a member of a profession universally held in lower esteem. Well, not universally – journalists hold themselves in the highest esteem.

But I am often tempted when asked "what do you do?" to reply "writer", or more riskly, "editor", or sometimes, evasively, that "I run a small organisation in the publishing business." Anything to avoid being pigeon-holed as nosey and untrustworthy.

But unfortunately, I have come to the conclusion that, in a free society, it may actually be that what one does for a living does genuinely reveal more about one than any other piece of information.

This in turn suggests that the common prejudices about certain professions may be absolutely accurate.

For example, one is brought up to believe that, while on the whole good sorts, policemen, alas, are stupid. Every child is familiar with PC Plod, and goes on to read detective books in which one amateur sleuth of less than supernatural intelligence runs rings around the entire Metropolitan Police Force.

And I am afraid that recent events bear out these childhood prejudices. The many recent cases of false arrest and imprisonment are as much a story of stupidity as they are of corruption, although the Left will always favour the latter interpretation.

And now we have the bizarre case of the kidnap for ransom of the Birmingham estate agency girl, Stephanie Slater. It seems scarcely credible that 1,000 plainclothes policemen in 500 unmarked cars could fail to apprehend the villain, who was kind enough to drop Stephanie Slater barely 200 yards from her home.

The *Sun* newspaper – which seems to have gleaned the following "facts" about the villain: "Age: 40s. Height: 5 ft 7 inches. Brains: above average. Character: he's Mr Cool" – speculates that the officers lost the kidnapper in fog when he picked up the £175,000 provided by Miss Slater's employers, Royal Life Insurance. Perhaps, in the style made famous by British Rail, we may later be told by the police that it was "the wrong sort of fog."

But I rather enjoyed the comment of the officer in control of the operation that the escape of both the villain and his booty was "the *only* negative side at this time." Unless the police do speedily arrest the criminal, I fear that another "negative" will be a large number of imitative kidnaps.

Perhaps it is just unfortunate that on the same day as the police lost "Mr Cool" in the fog, it was revealed that two men who broke a window to burgle a newsagent's shop in Barnstaple, escaped by smashing open a replacement window speedily installed by glaziers who had been called by the police on the spot.

According to yesterday's *Daily Telegraph*, "The burglars laid low while officers investigated the smashed window, and then they made off with £200-worth of cigarettes when they found the coast was clear."

To be consistent we must allow that other professions are equally susceptible to accurate stereotyping.

We may assume that most theatre designers and many vicars are homosexual, that most financiers are greedy, that most politicians are power-crazed, that most professional chess players are paranoid, that most nurses are angels, that most actors are egotists, that most lawyers are heartless, and, yes, that most journalists are nosey and untrustworthy.

■ *Dominic Lawson is editor of The Spectator.*

Private View/**Christian Tyler**

A poet who found his place in the world

Herbert Lomas believes we are born into caste not class

TO BE a poet in the land of Shakespeare can these days be rather embarrassing.

So when he goes to parties, Herbert Lomas prefers to conceal his real profession. He introduces himself as a critic or retired lecturer (which he is), or as a translator of Finnish literature (for which Finland knighted him in December).

"People think poetry has nothing to do with what life is about," he said, "having houses and consuming and making money and watching the television. What they'd really like to know is how you make money out of it."

When they learn the truth about him, they feel awkward. "'What kind of poetry do you write,' they ask. It's an almost unanswerable question. They hope you're going to reply 'Oh, well, I write erotic poetry. It's all about getting into bed with people.'"

In his case, some of it is. But that is not the reason he does it. He is a poet because he cannot help it.

"One writes poetry because one writes it. It's part of one's self-definition. I tend to believe in Sartre's view that you make a kind of choice of yourself, you know. You make it at a very early age and having made this choice of yourself you're stuck with it."

Yet it is not simply a matter of choice, either. During a long, whisky-fired conversation at his house on the seafront at Aldeburgh in Suffolk, I learned that Lomas has a more metaphysical explanation of why he is a poet and not, say, a merchant banker.

He is a Yorkshireman born in a pub in the Pennines, the Black Swan at Todmorden. His stern mother was the daughter of a bankrupt mill-owner, his gifted but uneducated father was the son of a master dyer.

"I think a lot of poets are people with very articulate parents, especially working class people because their creativity comes out in their language and their conversation.

"People like Shakespeare and Dylan Thomas come from those environments. I mean, Shakespeare's father was a butcher. People tried to say he couldn't be a butcher's son, he must be an aristocrat's son. It's much more likely he was a butcher's son because of the way he uses words."

But it is caste, rather than class, that Lomas thinks defined him.

He believes he was born a Brahmin. "I don't say it with any pride. I just think it's a fact."

Indeed, like the Hindus, he believes that we are all type-cast: whether as Brahmins, the intellectuals and contemplatives; as Kshatriyas, the administrators and soldiers; as Banyas (or Vaishyas), the businessmen; or as Shudras, the ones who do the work.

"The trouble is, they're not always in the right place. For example, I think Mrs Thatcher is a Banya, a grocer. And when you get the grocers doing the jobs of the Brahmins and Kshatriyas, things go wrong." He described his wife, Mary, as a model Kshatriya.

Poetry, then, is a typically Brahmin activity which in Britain and America happens to have been shoved aside by our preoccupation with business and money.

Lomas once wrote a book called *Who Needs Money?* in which he argued – he says in the spirit of authentic Marxism – that with the proper use of modern technology we could solve all our economic problems in 20 years' time. If we really wished, we could abolish obsolescence and increase the supply of goods to the point where prices fell to nothing and the stuff could be given away.

It was a Utopian book, he said, but one day it would be proved correct.

And what is the poet's message to the Banyas then? I asked.

The poet Herbert Lomas: preferring to conceal his true profession

Colin Beere

"Know your place."

Lomas laughed. He has a repertoire of laughs and it is not always easy to tell what they convey. They can be prompted by a happy phrase, by an awkward admission, by modesty, and by dislike as well as by a sense of fun or the absurd.

"You shouldn't ask doctors to behave like grocers," Lomas added. "Don't try to introduce buying and selling into universities, into hospitals."

Does the poet look down on the Banyas?

"No, the poet admires their economic skills. What he does not admire is when they interfere in things they don't understand."

Does he feel sorry for them that they don't have a broader aim in life?

"I'm an egalitarian. I think everybody is of equal value; but they lose their value when they start trying to do something that doesn't belong to their particular skills."

Herbert Lomas has strong opinions, about God, sex and economics, but their expression is modestly ironical rather than aggressive. He is stimulating and sociable in his seclusion.

"I like people – and I like people more than most people like people, I think. I need social things. But even more I need solitude. And I haven't had enough of it in my life."

Although he has had five volumes of poetry published and has been praised by W.H. Auden, Lomas has one great regret: that he did not give up his lecturing job in London sooner. "I used to get drained at the end of term like an accumulator that's spent all its energy. I used to come here, often alone, and I would open out like one of those Japanese flowers in a shell."

Does being here by the sea help you?

"Oh, that helps enormously. The sea gives you that cosmic feeling. You realise you're on a planet when you look at it. And then there is just the amazing fact of all that water – just as the eye makes you realise about God."

> *'I think I am really interested in women, and sex for me is a form, not of exploitation but exploration'*

When I asked whether poetry had become irrelevant, Lomas replied that a lot more people wrote it than read it, but would not admit to doing so. "There's a kind of spectrum. The poet is the man next door at one end and Lord Byron at the other."

In his case, the conviction that he was a poet came at about the age of seven. He described an early classroom trial:

"We had to write a poem and were given the first line, which was pretty boring: 'I like the trees with leaves of green.' And I thought now, if I'm a poet, I've got to do the best of the class.

"I thought of it rather like a crossword puzzle. So I asked a little girl what she thought the second line was and she said: 'The stately form, just like a queen' and she posed like something between a tree and a queen. That really inspired me. And I was away. I can still remember the poem, or bits of it. And I was picked out as the best."

Poetry involved two things, he said. One was expression, finding a way of saying things about which you feel strongly and which you cannot say in ordinary conversation. The other was craft, achieving a satisfying form like a carpenter a cabinet.

I asked Lomas about religion, a subject he takes extremely seriously. Was it always so?

"It was always important. But I've been an atheist – which is part of being religious, in my opinion. I was nearly a Hindu for a long time." (This was the influence of Isherwood and others, not connected with his wartime experience under fire as an army officer on India's North-West frontier).

"I lost my faith during the war because I couldn't reconcile Christianity with war and I thought the war was necessary. It took me a long time to get over that. Then I had a kind of crack-up or religious conversion, whichever word you like to use." He laughed.

How did that happen?

"I was about 30. It was a complete change of direction I just knew that I was immortal, you know. And that was a big crisis. I had a kind of enlightenment. It knocked me completely for six.

"If you don't have this religious dimension to your life you're living on the surface of yourself. And I had got out of touch with my own depths and my own depths suddenly said Wake up, Lomas."

"I think I went through that experience that Jung talks about: when you pass over from your ego to yourself. The ego is a kind of invention and the self says 'I'm eternal and I am the real self: the ego is just the glitter on the water.' Jung had the same crisis. It looks like schizophrenia."

Lomas had a nervous breakdown and doctors tried to label him schizophrenic. "I was sent to see this bastard and he was one of the most stupid people I've ever met. He started talking about shock treatment. I said I'd had enough shocks already. He told me to go and see the nurses. So I thought: 'Nurses, great! And they were these bloody great sergeant-major types, male. I was absolutely terrified."

At the time he was on holiday from his teaching job at the University of Helsinki. He decided to stay in Finland, and was there another ten years.

Lomas talks about religion, economics and sex. I "I am fascinated by sex," he said. "Always have been, from the very earliest age. I'm amazed that people can reach their teens without ever having an orgasm."

Is it because you are highly sexed, or just extremely inquisitive?

"I don't know how one would measure it. I would think I was not particularly highly sexed, really. But I do regard it as of supreme importance."

You have written about sex as an expedition into the interior of another country, trading with the hinterland. If I was a feminist critic I'd say you had an exploitative attitude.

"I think I'm actually criticising the attitude. These words are always used slightly ironically. No, I think I am really interested in women, and sex for me is a form, not of exploitation but exploration.

Some feminist demands make you angry, don't they?

"That's because I love women. I think a lot of damage is being done to relationships between men and women. To that extent they are harmful to women. Actually, I'm an early feminist. I was one of the first readers of *The Second Sex* and was convinced by it.

"Now a lot of women have had second thoughts. I'm an egalitarian where women are concerned and any woman who has lived with me knows that: they always get more freedom from me – perhaps more than they actually want."

Who are you writing your poetry for, I asked. Is it yourself?

"I think most writers are writing for an ideal reader," he said.

Who is the ideal reader?

"It's probably God. I've never thought of that before, but in fact that's probably it . . . the perfect person to write a poem for." Lomas gave another great laugh. This laugh meant he really means it.

Heaven and Hell

Teeth will be provided

***Nigel Spivey** bares his tormented soul in the first article of a new series*

HE WAS thundering from the pulpit, as only he can thunder: on the destination of sinners, and the beating of breasts, the tearing of hair, the gnashing of teeth.

An old lady in the front pew had the spirit to pipe up: "Reverend Paisley – I don't have any teeth!" Other preachers might have faltered, but not he. "Teeth," he roared, "will be provided!"

The provision of teeth is an essential detail of the picture of Hell that I owe to my Non-conformist upbringing. No one could say that my father delivers hellfire every Sunday; and I remember nothing but mellow homilies from my grandfather; but I perfectly understand Ian Paisley's fierce pedantry with regard to teeth.

Church-goers, and cathedral-goers, may hold out for some last-minute mitigation: chapel-goers know that there is none, and have been properly trained in the exercise of gnawing their own innards. The Hell that is yielded by the culture of hard seats and soft drinks can be mapped out largely in terms of guilt, remorse, and self-loathing.

Those of us who spent thousands of hours of our youth being instructed in the cultivation of guilt will need no issue of teeth. We have, so to speak, our own jaws of Hell. We looked closely at that oak-framed print depicting the Straight and Narrow path to Heaven, and the broad, meandering highway to Hell; examined the pious industry of those who were on the one road, and the drunken, brutish, carnal physiognomies of those reeling along on the other. We know very well what Hell will be like: here, for those who have never wriggled on chapel pews, are its salient features.

The Non-conformist Hell involves a revision of the stock tortures of damnation. After all, Sisyphus, rolling his stone up the hill, up the hill, and up the hill again, is no punishment; rather, an exemplar of work for the sake of work, which to some Non-conformists is perfect Heaven. And Tantalus, ever stretching out for the ever close but ever mobile banquet – to be thus tantalised is not the height of pain for a Nonconformist. No: Hell for us will be forcible attendance at an absolutely slap-up meal, being obliged to partake of a prodigal spread, with the costliest, daintiest foods, and the rarest of wines. We shall be gorging ourselves: and at our elbows, all around the table, not getting a scrap, will be starving children, with the elephant eyes and corrugated ribs of utter impoverishment. We diners will watch helpless as what we fail to eat is swept away, to be thrown into bins of sheer wastage; while the children silently, incredulously, watch us. There will not be a tea-urn in sight; nor even the simplest slice of bread-and-butter. We shall be tormented to the extremes of torment.

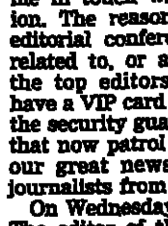
Needless to say, this Hell will be packed with the blaggards, the wastrels, the hustlers and the sots we saw on the low road. Their punishment consists in the endowment of a conscience, a Non-conformist conscience. And everything about this Hell will stink of moral shoddiness. From the prohibitions imposed upon my television viewing when I was a boy, I would expect to be entertained round-the-clock in this Hell by Monty Python and Benny Hill; as an older man, I think I shall be less astringent than my father, and allow those lewd comics some indulgence. Nevertheless, Hell will be awful. It will have a library whose catalogue index begins and ends with Cooper, Jilly. It will accommodate all those experiences that leave one with a residue of feeling done down, sold short, or self-demeaned. The only newspaper will be the *Sunday Sport*. Sex will be terrible: the gratification of lust with a brief fritter of cash, every act a betrayal of loved ones and family togetherness. Not a single opportunity for martyrdom or self-improvement will ever arise. Each Sunday morning will be spent in polishing a massive, highly-polished limousine; while

from very far away drift snatches of those hymns that stand for comfort, generosity and cleanliness of spirit. In short, there will be no grace to one's existence.

I could go on. But it is enough to say that in this Hell, no vultures will come to peck at your bowels. You will do it alone. And if you have none, then teeth will be provided.

Friends on the Right

Michael Thompson-Noel



I ENJOYED myself this week. I attended the morning editorial conferences at three of Britain's finest national newspapers: *Daily Mail*, *Daily Telegraph* and *Sun*. I do this occasionally. It keeps me in touch with right-wing opinion. The reason I am welcome at editorial conferences is that I am related to, or acquainted with, all the top editors. What is more, I have a VIP card that speeds me past the security guards and sniffer dogs that now patrol the corridors of all our great newspapers, to protect journalists from readers.

On Wednesday I visited the *Mail*. The editor of the *Mail* is a grand and knighted person, terrifically shrewd and witty, who works unceasingly to keep the Conservatives in power and the red hordes at bay. What a super paper.

The conference was hushed and reverent, and started with the editor analysing that morning's issue. "Not bad," he said, pointing to the front page. "'LABOUR SCARES LOW-PAID VOTERS – Many of the poorest families fear they will pay more tax under a Labour government, it is revealed today. An astonishing 44 per cent of the lowest-paid workers . . . believe they will be worse off . . .'

"I think I like that. It has all the ingredients that I am constantly on about. Neil Kinnock. Pensioners. Taxes. Frightening. Mr Major twice

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as popular. Dustmen and road repairers. Socialists. Frightening. Taxes. Frightening.

"I also liked this other story: 'Trident safe with us says Major.' And there is good material inside. I particularly like the Comment column for explaining why it is that for every three voters who would trust Labour to handle the nation's finances, five place their faith in the Tories. And there is a remarkably good letters page which hits home hard against the homosexual lobby in the British film and theatre industry, and spotlights the appalling cost to the NHS of removing tattoos.

"But I want more variety. I'm tired of the tax story and so are the readers. There must be thousands of reasons why people shouldn't vote Labour yet all we have done is scratch the surface. I want blood, guts and toil. This is a newspaper I'm running, not some holiday camp."

On Thursday I dropped in at the *Telegraph*. What a super paper. The *Telegraph's* editor is a tremendously imposing figure, erect and bespectacled, with a penchant for military history. He brings his morning conferences to order by banging his desk with his swagger-stick and shouting: "*Gunners!*"

He had mixed views about Thursday's *Telegraph*. "*A wholesome* front page," he said. "'Wedding at Windsor for Lady Helen.' That's the ticket. And there are stories inside that do not displease me. Page 3 is excellent: 'Judge spares husband who strangled nagging wife.'

"And I am expressly pleased with this Page 5 headline: 'How sausages save the Queen when rat is on the menu.' Perfectly barking. *Precision* gunnery.

"Fashion is OK. Ditto obituaries. Business limps. Sport looks tired. What really vexes me, though, is the leader-page spread. We've got Claudia FitzHerbert babbling on about Book Aid for Russia when we all know that our distinguished visitor this morning, fellow from the *FT*" – he waved in my direction – "did that last *Saturday* with *considerably* greater poise. And we've got this piece about racial discrimination in working men's clubs.

"But where is the election? We seem to have forgotten it. Mislaid it. Overlooked it. Not good, gunners. Not good at all. I suggest we recommence the heavy pounding. Then bring up the cavalry. I take it they've been *primed*. This election will be tight. We don't want Neil Kinnock and Clare Short trampling all over us. What? *What?*"

Yesterday I called at the *Sun*. What a super paper. Naturally, the editor was delighted with yesterday's performance on the kidnapping of pretty estate agency salesgirl Stephanie Slater, 25 – page after page of super copy, pics and maps.

And he drooled over the topless lovely on Page 11: "Sexy [illegible] Jayne Forbes is always an uplifting experience" (nudge, nudge). He also liked the pictures with the *Sun's* continuing "News Special" (ho-ho-ho) on superthug Mike Tyson: "Tyson stripped me with one hand and said: We will have a baby."

But he was infuriated by another limp Nigel Mansell story on page 35. "What's Mansell ever done?" roared the editor. "He was born a runner-up." (I have deleted all expletives and sarf London terminology).

And he demanded a progress report on Operation Bimbo: "The American presidential election's got smoking bimbos coming out of its ears, so what about our election? Find some. I don't care how but get me bimbos."